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A Tax Equivalency Study on National Forest System Lands in the United States

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I. INTRODUCTION AND OBJECTIVES

Since 1908, 25 percent of all moneys received during any fiscal year from user fees and/or the sale of products off of each National Forest (NF) are returned to the counties of origin to benefit public schools and roads. Currently, these payments are intended to compensate States and counties for the property tax immunity of federally owned lands. Concerns are often heard, however, from Federal, State, and county officials that: 1) current receipt sharing arrangements do not provide property tax equivalency, or 2) receipt sharing does not adequately compensate local governments for the costs incurred as a result of Federal land ownership. A number of studies have addressed these concerns.[1] [2] [3]

The objective of this study is to analyze the manner by which National Forest System (NFS) receipts are shared within several States and their counties. The stimulus for this study is a proposal to ascertain and evaluate the impact of tax equivalency payments to the counties instead of the present 25-percent revenue payments paid out of the National Forest Fund.

The study compares the revenues received by selected counties under the existing receipt sharing program to alternative programs based on tax equivalency. The goal of the proposal is to create a system of compensation with the following effects: 1) provides local taxing jurisdictions with a "normal" tax base resulting in a more equitable distribution of the property tax burden to all property owners, 2) furnishes a constant and more predictable revenue flow to the States and counties, 3) eliminates the possibility of increasingly "overcompensating" a few counties for the presence of National Forest System lands, and 4) removes the present disincentive to Federal investments in the National Forests and Grasslands, which results from the likelihood that the returns on such investments will flow primarily to the States.

History of Federal Compensation to Local Governments

In the early 1800's, the States felt that the Federal government should compensate the counties for Federal lands within their boundaries. The rationale was that these Federal lands placed excessive burdens on the States and local governments to provide services to the Federal government as well as to the public using federally owned lands. The States endeavored to impose taxes on these Federal lands. As a result of this debate, the Supreme Court ruled in 1819 that the States do not have the power to tax Federal property.

States and local governments did not receive compensation for federally owned lands until the early 1900's. During this period, several acts were passed in an attempt to compensate the States and counties for federally owned lands within individual counties. There are currently three types of Federal legislation.

The first type of compensation is a tax equivalency payment designed to compensate for property tax losses incurred by States and counties due to Federal ownership. The second type of programs are the receipt sharing programs. The Forest Service returns, to local governments, 25 percent of all revenues obtained from the sale of products on or from Federal lands. The final method of compensation is the State's imposition of severance or yield taxes on timber harvested from federally owned lands.

There are four Acts of Congress that would be affected by the tax equivalency proposal:

1. The Act of May 23, 1908, as amended (16 U.S.C. 500), requires payments by the USDA Forest Service of "25 percentum of all moneys received during any fiscal year from each National Forest" to be distributed to county schools and roads as prescribed by each individual State legislature. This act applies to that NFS land reserved from the public domain. Most of these acreages are in the Western States. The original purpose of these payments was to assist newly organized western counties in the development of their public facilities.

2. The Act of March 1, 1911, known as the Weeks Law (16 U.S.C. 500). This act contains the same provisions as the 1908 act, but applies to lands acquired as NFS lands. Most of these acreages are found in the Eastern States.

It is important to note here the two amendments passed in 1976 that affect the size of the payments under the 1908 and 1911 acts. In 1976, Congress added the Knutson-Vandenberg reforestation funds (deposits made by timber purchasers under the Knutson-Vandenberg Act of June 9, 1930), and road purchaser credits to the total National Forest Fund, out of which the 25-percent payments to the counties are made. The addition of these moneys substantially increased the payments to counties.

3. Bankhead-Jones Farm Tenant Act of 1937 (7 U.S.C. 1012). This act provides for the return of 25 percent of the net revenues received from lands acquired by USDA under the provision of

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[1] Advisory Commission on Intergovernmental Relations. The adequacy of Federal compensation to local governments for tax exempt Federal lands. Commission Report A-68. Washington, DC: Government Printing Office; 1978. 203 p.

[2] Comptroller General. Alternatives for achieving greater equities in Federal land payment programs. Washington, DC: General Accounting Office Report to Congress PAD 7964; 1979. 59 p.

[3] Public Land Law Review Commission. Revenue sharing and payments in lieu of taxes on the public lands. Washington, DC: Government Printing Office, volumes 1 through 4; 1970. 1,800 p.

Title III for land conservation and land utilization purposes. These moneys are also to be used for maintaining and improving public schools and/or county roads and bridges.

4. Act of June 22, 1948 (16 U.S.C. 577g-1). This is the one tax equivalency law currently applied to some NFS lands. This law authorizes a payment to three Minnesota counties of three-fourths of 1 percent of the appraised values of Boundary Waters Canoe Area (BWCA) wilderness acreages. A new appraisal is completed every 10 years by NF personnel.

Study Plan

This report compares the revenues received by the counties under the current NF 25-percent receipt sharing program with a tax equivalency program with and without a prescribed floor level payment. The report examines a tax equivalency with floor program that will have the following characteristics:

1. NFS land, timber, and improvements on the land would be appraised and taxed (ad valorem property tax system) by the county as if the land were privately owned.

2. There would not be any changes in the current receipt sharing programs related to other Federal lands, including those administered by the Bureau of Land Management (BLM), National Park Service (NPS), and Fish and Wildlife Service (FWS). Mineral receipts from NFS lands, both reserved from the public domain and acquired, would not be affected. Consequently, valuation of NFS lands for tax purposes would exclude those mineral resources that generate revenues.

3. Although federally owned real property (land and buildings) within NFS boundaries could be covered by the legislation, this analysis focuses only on land and resource values. Federal buildings occupied by the Forest Service (FS) outside of NFS boundaries would continue to be exempt from taxes. NFS lands designated by law for special purposes, such as wilderness or national recreation areas (NRA), would be valued by the States and counties for these congressionally mandated purposes and not for a "higher and better use," such as timber harvesting.

4. Legislation would provide protection so that county revenues would not be adversely affected in the immediate years following the change. A central provision of the proposal is to provide a long-term guaranteed floor level payment; future receipts based on tax equivalency could not fall below this level. Specifically, the floor level is an amount established by averaging a county's annual 25-percent Forest Fund receipts for the period 1977-83, after each year has been adjusted for inflation to a 1983 dollar level. A list of the GNP implicit price inflators used for 1977 through 1983 is found in appendix A, table 1. Tables 2-9 in appendix A contain the inflated and averaged calculations for each county.

5. The Payment in Lieu of Taxes Act (PILT), administered by the BLM under the U.S. Department of the Interior, would continue to be in effect (however, a USDA Forest Service tax equivalency program may affect PILT payment amounts). The $0.75 per acre computation (option A payment plan of PILT) would be subject to reduction for tax equivalency payments and mineral payments just as it now is subject to reduction for 25-percent fund payments and mineral payments. The alternative $0.10 per acre payments (option B payment plan of PILT) would continue to be payable as they are now. Currently, only a portion of the 25-percent payment is subtracted from the PILT payment. This is the State-mandated portion that goes towards maintaining county roads and bridges. In the eight study States, schools are not considered to be a part of local government, and therefore, their portion of the 25-percent funds is not subtracted from PILT. Table 3 in appendix B lists the portions of the NFS 25-percent payments that are not subtracted from each county's PILT payment.

6. Responsibility for administering the tax equivalency program and assessments of the NFS lands would be as follows:

(a) Existing procedures and resources of the local taxing jurisdiction would be used to assess NFS lands.

(b) The Forest Service would have the same appeal rights and use the same procedures as a private property owner to appeal assessments it considers too high.

(c) The same options available under States' laws to private property owners would be available to the Forest Service.

7. The total tax equivalency payments would be made directly to the counties. (The NFS receipts would continue to be collected and held in the National Forest Fund as authorized by 16 U.S.C. 499.)

8. There would be no restrictions placed on the use of the tax equivalency payments (including the floor payments) other than that they be used for public purposes. The annual mill levies for each county or State could be used for appropriating the FS tax equivalency payments. Existing Federal and State legislative mandated uses of the 25-percent funds for schools and roads would be eliminated.

Study Approach and Data Collection

The information presented in this report describes how the alternative approach of FS tax equivalency payments would affect revenues to Federal and county governments. The data are organized to facilitate comparisons between States and counties that have contrasting forest land appraisal and taxation systems. The data were obtained from actual State tax, county tax, and

Federal payment records; however, no attempt was made to statistically select States or counties or to calculate error limits on the estimated tax equivalency payments.

The eight States selected for the study were California, Colorado, Georgia, Idaho, Louisiana, Michigan, Oregon, and Washington. The States were selected to permit comparison of receipt sharing and tax equivalency payments for:

1. Western vs. Eastern States,
2. Northern vs. Southern States,
3. States receiving relatively large payments vs. States receiving relatively small payments under existing receipt sharing programs,
4. States using market value vs. productivity vs. yield tax systems, and
5. States with high vs. States with low per capita tax programs.

A total of 40 counties was selected, 5 counties in each of the States. The counties within these States were chosen to permit comparisons of:

1. Rural vs. urban counties, and
2. Timber vs. nontimber (e.g., range and recreation) resource counties.

Each of the counties selected has a minimum of 10,000 acres of National Forest System acreage within its boundary. Counties where nontimber programs such as range and recreation are the predominant uses on the national forests were also included in the sample.

Data were obtained from several sources. At the Federal level, Bureau of Land Management personnel and the Fiscal and Accounting Management Staff of the Forest Service provided the information on PILT payments and the 25-percent receipt sharing payments, respectively. At the State level, information about special forest and other property tax laws was obtained from the Timber Tax Journal, volumes 18 and 19, and from State department of revenue (DOR) personnel. Lastly, at the county level, county assessors and county equalization department directors provided current assessment and millage rate figures, and other pertinent data relating to property tax assessments and collections procedures. The final decisions on appraisal and/or assessments of NFS lands in this study were based on the expertise and opinions of the individual county assessors and State DOR personnel, obtained by the authors via telephone conversations and written correspondence.

The following 1983 data were collected from each of the 8 States and 40 counties:

1. Assessment classification system for forest and other relevant land uses;
2. Assessment ratios for forest and other relevant land uses;
3. Average per acre assessment for forest and other relevant land uses;
4. Average millage rates for each county;
5. Yield and severance tax rates;
6. Harvest levels for NFS lands in counties with yield/severance taxes that are not currently levied on public timber, namely Oregon;
7. Special assessments (if any) applicable to forest lands (e.g., fire protection);
8. Tax equivalency-motivated changes in revenue allocation procedures to local units of government; and
9. Compensation by States to counties for State-owned lands.

A detailed explanation of the tax equivalency calculations and each State's forest and other tax laws is given in the following section.

II. STATE AND COUNTY ANALYSES

Introduction to States' Forest Tax Laws

The eight States in this study (and some individual counties) have enacted one or more statutes providing that forest land and timber are to be assessed and taxed on some basis other than their fair market value in the highest and best use (that is, under some tax system other than the traditional ad valorem property tax). These statutes may or may not apply to National Forest System (NFS) lands depending on the individual States, and in some cases, individual counties. The purpose of the sections at the beginning of each State's analysis is twofold: (1) to review special forest (and other special assessments) tax laws in each of the eight States and (2) to discuss the probable relationship of these laws to the tax treatment of NFS lands.

Most of the information cited throughout Section II was obtained during telephone conversations and correspondence received in June and July 1984 from State and county personnel.

California State Tax Laws

Most forest properties in California come under the provisions of the Z'berg-Warren-Keene-Collier Forest Taxation Reform Act of 1976 (FTRA). This legislation provides for a conceptual separation of land and timber values. Forest land is taxed annually on the basis of its value for timber growing and harvesting. Timber is taxed at the time of harvesting on the basis of its immediate harvest value (IHV).

To be eligible for the program, forest properties must be located within designated timber production zones (TPZ's). Designations are made by county boards of supervisors or city councils, but all properties meeting the stipulated criteria must be granted TPZ status. In general, the relevant criteria are: (1) The land must be used primarily for growing and harvesting timber, (2) a management plan must have been prepared by a registered forester, and (3) certain minimum stocking standards must be maintained. Usually, the designated parcels are greater than 160 acres. Currently, there are 5.75 million acres designated in TPZ's.

Forest owners whose lands have been designated as a TPZ are presumed to have entered a 10-year contractual agreement. During this time, land uses deemed to be incompatible with continued timber production are precluded. Immediate rezoning can be requested, but 80 percent of the county board or city council must conclude that the requested change will be in the public interest. Furthermore, if rezoning is authorized, landowners must pay a penalty charge based on the taxes which they saved while their properties were classified as TPZ's.

Regarding the tax treatment of land, value schedules are set every 3 years by the State Board of Equalization in consultation with the Timber Advisory Committee. To the extent possible, these values are determined by analyzing relevant sales price data, e.g., data pertaining to other TPZ lands that are comparable in terms of geographical location, species suitability, productive potential, and operability. However, where transactions evidence is insufficient, assessments can be established by capitalizing expected timber income and allocating 10 percent of the resultant value to land.

Regarding the tax treatment of timber, IHV's are set every 6 months by the State Board of Equalization in consultation with the Timber Advisory Committee. Separate schedules are established for nine different timber value areas (TVA's). Each schedule lists, by species and logging code, values for young- and old-growth timber as well as miscellaneous products such as fuelwood, posts, poles, and pilings. To determine the amount of tax due from a given harvesting operation, the net volumes of the various products being removed are multiplied by the appropriate IHV's and the cumulative total computed. This total value, when multiplied by the mandated yield tax rate of 2.9 percent, indicates the total amount of tax to be paid by the operator at the time of harvest.

For the most part, NFS lands will fall under the provisions of this special tax law. Indeed, the yield tax portion of the legislation already applies to all timber cut from the national forests. Although this tax is paid by timber operators, it is undoubtedly passed on to the Forest Service in the form of reduced bid prices for national forest stumpage. Those NFS lands that are ineligible for designation as TPZ's will be assessed and taxed on the basis of their full fair market value. In any given year, however, the amount of tax due cannot exceed 1 percent of this value. This fixed statewide tax levy of 1 percent ($10 per $1,000 market valuation) was passed by the State legislature in the form of Proposition 13 in 1978. The most recent property assessment was done in 1975. There is a 2-percent escalator clause where all appraised (market) values are increased by 2 percent annually.

Some NFS lands may be classified under the Land Conservation Act, also known as the Williamson Act, of 1965. The purpose of this law was to prevent the development of prime agricultural lands. This act affects large farms and ranches that are used primarily for raising food and fiber. Agricultural lands, grazing lands, and some forested lands are assessed under this law. Grazing land is divided into various classifications, and an interest and yield rate is prescribed. These rates are not obtained through the real estate market; rather, the rate is based on yields of government bonds. Thus, a large benefit is derived by the owner of lands designated under the Land Conservation Act. Once again, as with the TPZ's, there is a 10-year contractual agreement and a penalty is assessed for selling or utilizing these lands for some use other than agriculture. However, the incentive at the county level to enforce this penalty is low because any penalty moneys collected go into the State's general fund and are never directly, and only sometimes indirectly, returned to the county of origin.

California State forest lands are assessed the same as private lands classified under FTRA in TPZ's. The California Department of Forestry reports taxes paid on State forest land averaged $1.29 per acre in 1983.

Table 1 lists the five selected county acreages and millage rates. Table 2 lists the assessed values per acre of the three timber production zone regions in California.

California County Analyses

TABLE 1- California county acreages and millage rates

County	Total county acreage	Acres of NFS lands	Average mill levy[1]
Butte	1,070,000	131,211	10.1 mills
Humboldt	2,286,720	335,191	10.1 mills
Los Angeles	2,560,000	651,036	11.2 mills
Plumas	1,644,800	1,133,383	10.1 mills
Tulare	3,112,320	890,709	10.8 mills

[1]This mill levy represents the statewide 1-percent tax passed in Proposition 13 (1978) and whatever additional amount is levied at the county level to retire existing municipal bonds.

TABLE 2- California timber production zones and dollar values

Redwood Region:

Site[1]	Assessed value per acre	Tax per acre[2]
I	$180	$1.80
II	150	1.50
III	130	1.30
IV	114	1.14
V	35	.35

Pine-mixed conifer Region:

Site	Assessed value per acre	Tax per acre
I	$98	$0.98
II	69	.69
III	56	.56
IV	39	.39
V	23	.23

Whitewood subzone of the Redwood Region[3]:

Site	Assessed value per acre	Tax per acre
I	$130	$1.30
II	95	.95
III	80	.80
IV	60	.60
V	30	.30

[1]Dunning site curves.

[2]Represents the 1-percent tax passed in Proposition 13. There will be small additions to this 1 percent, varying from county to county and school districts. The additional small percent is levied because of bond indebtedness, to retire existing bonds.

[3]This third zone is a result of legislation that became effective in January 1985. This zone includes coastal Douglas-fir in Humboldt County and will affect assessments on national forests in that county.

Butte County

Location: northern California.

Butte County consists primarily of rangeland, farmland, and orchards. All NFS lands lie in mountainous regions. The NFS lands would be assessed under the TPZ's in the pine-mixed conifer region, zone 7. The calculation of the 1983 property tax for NFS lands under site class III at $56 per acre would be:
131,211 acres X $56/acre X 0.0101 = $74,213 in property taxes.

There is little State or privately owned land that is classified under the TPZ's. The power over the assessment rates for the TPZ's lies with the State Board of Equalization. There are acreages classified under the Land Conservation Act. Application and acceptance for this classification is made at the county level. Some NFS lands might be classified under this act. If NFS lands are assessed in a TPZ and are used for grazing purposes also, an additional tax would be levied on a rental (income) basis of the grazing lands.

Humboldt County

Location: northern coastal California.

National Forest System lands in this county would be classified under the TPZ's. There are currently 627,583 privately owned acres classified in the redwood region of the TPZ's. Of the TPZ's, this region has the highest values. Up until the present time, NFS lands would have been classified in the redwood region. As of January 1, 1985, the State legislature designated a third TPZ, the whitewood subzone of the redwood region. In site class III of this third region, NFS lands would be assessed at $80 per acre versus the $130 per acre of site class III in the redwood region. Much of the NFS lands are stocked with coastal Douglas-fir. The calculation of the 1983 property tax on these NFS lands assessed at an average of $80 per acre would be:
335,191 acres X $80/acre X 0.0101 = $270,834 in property taxes.

Any other uses of these lands bringing in some form of income would be assessed on an income approach (hunting rights, for example). Because grass does not grow beneath Douglas-fir (therefore, no grazing), there would not be an additional assessment for grazing use.

Los Angeles County

Location: southern California.

There are no privately owned lands classified in TPZ's or under the Land Conservation Act in Los Angeles County. Any lands classified under the Land Conservation Act are so designated at the county level; the county can decide to reject all applications for this particular special assessment classification. There are five ski areas that are partially on NFS lands. The NFS ski area acres are assessed a possessory tax based on 100 percent of capitalized income. There are several large campgrounds on the two national forests in Los Angeles County, other FS buildings, private concessions, and many privately owned residences. The NFS buildings and other improvements may be assessed as privately owned buildings. Taxes would be paid by the owner of the buildings and improvements. The NFS lands might be assessed under the TPZ pine-mixed conifer region. Most of the forest land would be assessed in site class V at $23 per acre. Any other uses of forest lands are assessed on an income approach. The calculation of the 1983 property tax for NFS lands only (if they had been assessed

at $23 per acre) would be:
651,036 acres X $23/acre X 0.0112 = $167,707 in property taxes.

There are reportedly 50 to 100 major uses of NFS lands in Los Angeles County. Because of the many uses, county personnel felt that NFS lands would be assessed at a minimum of $100 per acre.

Plumas County

Location: north-central California.

In Plumas County, there are currently 244,134 acres of privately owned forest land that are classified in TPZ's. Most NFS lands would be classified in the pine-mixed conifer region. An average site class for these NFS lands would be between site class III and site class IV. The calculation of the 1983 property tax for NFS lands if assessed at $56 per acre under site class III would be: 1,133,383 acres X $56/acre X 0.0101 = $641,041 in property taxes. In addition, the county already receives the 2.9-percent yield tax levied on Federal timber at the time of harvest, payable by the operator.

The NFS lands terrain in Plumas County consists of mountainous areas and mountain meadows. The assessment of NFS lands under a TPZ does, for the most part, represent the "highest and best use" of these lands. Many national forest personnel in California have completed assessments of site classes on their forests. In many cases, this includes the Forest Service's forest productivity classes 1 through 6 method and the Dunning standards (sites I-V) used for the TPZ's.

State forest lands are assessed in one of the TPZ's and the operator pays the 2.9-percent yield tax at the time of harvest. Other State lands are basically tax exempt. In reference to ski areas, a possessory tax is levied on the Federal acreages. This tax is assessed on an income approach; the statewide 1-percent tax (10 mills) is levied on 100 percent of the capitalized value.

Tulare County

Location: central California, approximately 200 miles from Los Angeles.

The NFS lands in Tulare County are mostly in mountainous regions; the valley floor and rangelands are in private ownership. NFS lands would be classified in the TPZ's pine-mixed conifer region or under the Land Conservation Act (Williamson Act). Lands are assessed for their highest and best use. Some lands may be assessed in a TPZ and are used also for grazing. The owner pays taxes on both uses. For the grazing lands, taxes are assessed on a rental (income) basis, using the animal unit per month (AUM) measurement. The calculation of 1983 property taxes on NFS lands using the site class III value of $56 per acre would be: 890,709 acres X $56/acre X 0.0108 = $538,700 in property taxes.

There are currently 1,600 acres of State forest land taxed under a TPZ. In addition, there are six moderate size privately owned parcels of forest land assessed under the TPZ's, totaling approximately 6,414 acres. In 1983-84, these 6,414 acres produced $5,488 in tax revenues. There are over 1 million acres classified under the Land Conservation Act in Tulare county. The number one priority use of water is for irrigation on agricultural land on the valley floor and in the foothills. This county has a reportedly good sales and income tax base and is wealthier than many of the northern counties.

Colorado State Tax Laws

Colorado has a limited exemption law, originally enacted in 1911, that provides that any increase in property values caused by the planting of trees is to go untaxed for a period of 30 years. Except for this special provision, all commercial forest lands defined as areas stocked with either: 1) 1,500 board feet or 600 cubic feet and 40 square feet of basal area per acre of trees 5 inches in diameter at breast height or larger, or 2) definite seedling-sapling stands with 40-percent crown cover or more are to be assessed and taxed at 29 percent of their actual value for timber growing purposes. In reality, however, many forest properties are assessed and taxed as grazing land. Of the five counties included in the study, there are no private acreages assessed under the timberlands class.

Of the forest properties that are treated as timbered, administrative guidelines suggest that assessments should be established by means of the income approach to value. This approach involves estimating the average annual net timber income which each property is capable of earning (the appraiser must estimate the projected annual production over the life of the timber reserve). In 1983, the stumpage price was set at $30 per thousand board feet (mbf). A specified capitalization rate, currently 17 percent, and the average annual net income are then applied to a specific formula to determine the value of the reserve. The capitalization rate includes a percent rate of interest and risk, and a percent rate of taxes. The interest rate is determined by dividing the net value of products by its total sales price. The tax rate is based on the State-mandated 29-percent assessment ratio and the county millage rate. To the extent possible, the assessments calculated in this manner are to be substantiated through an analysis of relevant transactions data.

There are five subclasses under the timberlands class. If timber was harvested during the preceding calendar year, these lands are classified as producing. Known timber reserves that will be harvested at a future date are classified as nonproducing lands. Operations include buildings and other improvements in the vicinity of the harvesting operation. For the operations assessments, the property is compared

to the market value of other comparable properties with due consideration given to the remoteness and accessibility of the location. The value of depleted lands is based on future use after the harvesting operation has ceased. Nonreserve lands are those lands without timber reserve or not available for harvesting. The value of these lands is based on their current use.

The assessment of grazing lands is also completed using an income approach. Under the prescribed procedure, such lands are ranked according to their carrying capacity in animal-unit-months (AUM's). Grazing fee and management expense data are then used to estimate the average annual net income which a landowner could expect to receive from each grade of land. A legislatively mandated capitalization rate of 11.5 percent is applied to yield the appraised values. Grazing assessments, like forest assessments, are 29 percent of appraisals (market value). The tax ratio for commercial properties is 21 percent. According to State statute, the maximum tax assessment increase in any one county cannot exceed 7 percent above the previous year's tax assessment on existing properties and facilities.

As suggested by the preceding discussion, NFS lands would be assessed and taxed on the basis of their current use value for timber growing or grazing purposes. Assessments and taxes on planted areas, for a period of 30 years, should reflect bare land values only.

Colorado pays a minimal amount for State-owned lands, including water rights, parks, and reservoirs. The annual amount paid to a county ($500-$1,600) is usually for county law enforcement protection on the State lands.

Colorado County Analyses

TABLE 3- Colorado county acreages and millage rates

County	Total county acreage	Acre of NFS lands	Average mill levy
Larimer	1,689,600	623,134	96 mills
Mesa	2,133,760	545,679	70 mills
Park	1,394,000	651,354	55 mills
Pitkin	624,000	487,056	71 mills (55 mills for NFS lands)
Rio Grande	586,240	275,524	75 mills

Larimer County

Location: northeast Colorado, bordering on Wyoming.

Larimer County is a part of the front range of Colorado and a highly populated area. The national forests along the front range are used primarily for recreation by a large number of visitors. Fort Collins is the county seat; Colorado State University is located here. In addition, there are several large privately owned firms employing many people from Larimer and surrounding counties.

There are not any privately owned lands assessed as commercial timberlands. The midlevel grazing land class is assessed at $3.15 per acre. NFS lands in this county might be assessed primarily as grazing lands; however, there have been several recent timber sales on NFS lands. Much of the national forest timber removed is utilized as fuelwood. The calculation of a 1983 property tax for NFS lands would be (using the $3.15 per acre assessed value):
623,134 acres X $3.15/acre X 0.096 = $188,436 in property taxes.

Mesa County

Location: western border of Colorado.

In this county, most NFS lands are heavily timbered, however, most of the land is leased out for grazing purposes. According to county personnel, most NFS lands might be classified as grazing land, classes VI and VII. The average actual value of these classes is $15.75 per acre, and the average assessed value is $4.57 per acre. The calculation of property taxes that might have been paid on NFS lands in 1983 at this $4.57 per acre assessed value would be:
545,679 acres X $4.57/acre X 0.070 = $174,563 in property taxes.

State-owned lands are in the form of State parks and properties of the Colorado State Fish and Game Department. It is estimated that each of these two divisions paid $800 to the county in 1983. Most of these funds were appropriated to county law enforcment and fire districts.

Park County

Location: south-central Colorado, approximately 90 miles west of Denver.

Park County is located in South Park, a large open-range basin area. National Forest System lands in this county are primarily leased out for grazing. There is also considerable fuelwood removal because of the county's close proximity to the front range metropolitan area. In 1983, there were 37,745 private acres classified as meadow hayland, and 282,166 acres classified as grazing lands. There were no acreages classified as timberlands. Table 4 contains the relevant agricultural land classifications and values that might apply to NFS lands.

The calculation of the 1983 property tax if NFS lands were classified (on an average) as grazing land, class VIC, with an assessed value of $4.74 per acre would be:
651,354 acres X $4.74/acre X 0.055 = $169,808 in property taxes.

Currently, 50 percent of the 25-percent revenue payment is allocated to county roads and bridges; the remaining 50 percent is allocated between school districts 1 and 2, 34.96 percent and 15.04 percent, respectively. The money is distributed in proportion to the number of students in each school. Under the present county system, an ad valorem tax collected from the Forest Service would not be distributed to the school districts in the same manner.

The most recent reappraisal was completed in 1979, at a cost of $550,000 to the county. Approximately 30 percent of Park County is privately owned.

Acreages of State owned lands include parks and reservoirs. For these lands, the State payed to the county an amount of $500-$600 for county law enforcement in 1983.

Pitkin County

Location: west-central Colorado.

The county seat is Aspen. The four Aspen ski areas, the Maroon Bells, and other wilderness areas are located in this county. Needless to say, the predominant use of these NFS lands is for recreation.

There is no private acreage classified as timberlands. Because there are few NF timber sales in Pitkin County, many NFS lands would be classified under one or more of the agricultural classifications; irrigated hayland, meadow and irrigated pasture, or grazing land. The ranges in assessed value for the three classes are $90-$24, $24-$6, and $5-$1.90, respectively. The $1.90 assessed value is for wastelands. NFS lands would be classified under the meadow hay, grazing, and waste land classifications. The meadow and

TABLE 4- Park County 1983-84 land values (per acre)[1]

Classification	1983 Actual	1983 Assessed[2]	1984 Actual	1984 Assessed	Percent of Increase Actual	Percent of Increase Assessed
Meadow Hayland:						
MVA	$163.39	$47.38	$168.17	$48.77	0.03	0.03
MVB	112.87	32.73	116.13	33.68	.03	.03
MVC	71.13	20.63	73.13	21.21	.03	.03
MVD	29.39	8.52	30.00	8.70	.02	.02
Irrigated and Subirrigated Pasture Land:						
PVA	156.43	45.36	166.07	48.16	.06	.06
PVB	119.04	34.52	126.61	36.72	.06	.06
PVC	76.61	22.22	81.83	23.73	.07	.07
PVD	44.70	12.96	48.09	13.95	.08	.08
Grazing Land:						
VIA	47.30	13.72	49.65	14.40	.05	.05
VIB	27.48	7.97	28.70	8.32	.04	.04
VIC	16.35	4.74[3]	16.96	4.92	.04	.04
VID	10.17	2.95	10.43	3.02	.03	.03
VIIA (wasteland)	17.04	2.04	7.13	2.07	.01	.01

[1]Source: Park County Assessor's Office, Fairplay, CO.

[2]By Colorado State Law, the assessed value is 29 percent of the true cash (market) value.

[3]This is the value chosen for the average assessed value per acre on NFS lands in Park County. There are NFS lands that would be classified as wasteland and lands that would be classified under one of the meadow hayland classifications. There are currently no private lands assessed under the timberlands class. However, some NFS lands may be appraised as timberlands and taxed as such.

irrigated pasture V-D class was chosen as an average assessed value for the NFS lands. This assessed value is $6 per acre. Calculation of the 1983 property tax for NFS lands under a tax equivalency program would be:
487,056 acres X $6/acre X 0.055 = $160,728 in property taxes.

This amount does not include additional taxes that might be paid by ski area operators to the county for area operations on NFS lands.

Rio Grande County

Location: southwestern Colorado.
Most NFS lands in this county are at high elevations, 7,000 feet above sea level and higher. There are not any private lands assessed as timberlands. Meadow land assessed values range from $116-$32 per acre. Irrigated pasture lands range from $26-$17 per acre. Grazing lands range from $7-$3. The $3 assessed value is a wastelands classification. Some of the best lands (including all three classifications) are found at higher altitudes. An estimate of the 1983 property tax on NFS lands (using the highest grazing land class at $7 per acre) would be:
275,524 acres X $7.00/acre X 0.075 = $144,650 in property taxes.

An assessment was done on NFS lands by county personnel approximately 3 years ago. It was estimated at that time that NFS lands would be assessed at $29 per acre (or $100 per acre appraised value). The $100 per acre appraised value purportedly includes recreational use on NFS lands.

Georgia State Tax Laws

By law, forest land and timber in Georgia are to be assessed and taxed on the basis of their fair market value in highest and best use. However, the State does have a modified assessment law that provides that the assessment ratio applicable to certain forest properties can be 30 percent instead of the normal 40 percent. To be eligible for this lower assessment ratio, four conditions must be met. These are: (1) the property must be devoted to a bona fide agricultural use such as timber growing; (2) the property must be owned by one or more natural or naturalized citizens, or a family farm corporation; (3) the owners must derive at least 80 percent of their gross annual income from bona fide agricultural pursuits carried out on tangible real property located within the State; and (4) the owners must covenant to maintain the property in a bona fide agricultural use for a period of at least 10 years.

The preceding restrictions, as well as the fact that no one owner is entitled to receive preferential assessment on more than 2,000 acres, will preclude enrollment on NFS lands under this special tax program. As a consequence, NFS lands will, in all cases, be assessed and taxed at 40 percent of their estimated fair market value.

Georgia County Analyses

TABLE 5- Georgia county acreages and millage rates

County	Total county acreage	Acres of NFS lands	Average mill levy
Fannin	252,096	107,173	22.93 mills
Greene	247,232	26,552	20.03 mills
Jasper	238,464	32,241	23.91 mills
Jones	257,216	16,570	15.85 mills
Putnam	212,800	34,603	22.96 mills

Fannin County

Location: north-central Georgia.
In Fannin County, well stocked NFS lands on good sites that are actively devoted to timber production would have an appraised value of approximately $667/acre. This translates into an assessment of $267/acre (that is, $667 x 0.40). Given the operative millage rate of 22.93 mills, the tax on these areas would be $6.12/acre, ($267 x 0.02293).

NFS lands designated as wilderness would be appraised at about $190/acre. This implies an assessment of $76/acre ($190 x 0.40) and a tax of $1.74/acre, ($76 x 0.02293) for such areas.

Given that roughly 56 percent of the NFS land in the county is in wilderness, the average 1983 appraisal, assessment, and tax for both wilderness and nonwilderness lands combined would be:
Appraisal- $667 (0.44) + $190.00 (0.56) = $400/acre
Assessment- $400 x 0.40 = $160/acre
Tax- $160 x 0.02293 = $3.67/acre.

From the preceding, the total amount of property tax that would be collected from NFS lands in 1983 can be readily determined. The necessary calculations are:
Total tax = 107,173 acres x $3.67/acre = $393,325.
The tax on forest properties in the county has been relatively stable over the last 5 years.

Greene County

Location: central Georgia.
In Greene County, forest land values are directly related to the volume of timber that the lands support. On average, bare forest land was appraised at about $300/acre in 1983. This translates into an assessment of $120/acre, ($300 x 0.40). Given the operative millage rate of 20.03 mills, the tax on these areas would

average $2.40/acre ($120 x 0.02003). At the opposite extreme, some forest lands in the county support as much as 10 mbf of timber per acre. In these cases, with stumpage prices at about $130/mbf, the total appraisal would be roughly $1,600/acre--$300/acre for the land plus $1,300/acre for the timber. At the mandated 40-percent assessment ratio and stipulated millage, this translates into a tax of $12.82/acre ($1,600 x 0.40 x 0.02003).

The tax on any acre of NFS land would fall somewhere within these extremes. In this regard, it is estimated that for a "typical" acre the average appraisal, assessment, and tax would be:
Average appraisal- $625/acre
Average assessment- $625 x 0.40 = $250/acre
Average tax- $250 x 0.020003 = $5/acre.

From the preceding, the total amount of property tax that would be collected from NFS lands in 1983 can be determined: Total tax = 26,552 acres x $5/acre = $132,760. The tax on forest properties in the county has been relatively stable over the last 5 years.

Jasper County

Location: central Georgia.

In Jasper County, timberlands are placed into one of three classes for property tax purposes. These classes, along with the appraisals, assessments, and taxes that were associated with each in 1983, are listed in table 6.

It is estimated that for a "typical" acre of NFS land, the average appraisal, assessment, and tax would be:
Average appraisal- $392.10/acre
Average assessment- $392.10 x 0.40 = $156.84/acre
Average tax- $156.84 x 0.02391 = $3.75/acre.

From the preceding, the total amount of property tax that would be collected from NFS lands in 1983 can be determined. The necessary calculations are:
Total tax = 32,241 acres x $3.75/acre = $120,904.

The tax on forest properties in the county has been increasing by about 7 to 10 percent annually over the last 5 years. These increases have been occurring largely as a consequence of rising millage rates rather than rising assessments.

Jones County

Location: central Georgia.

In Jones County, forest valuations depend upon four factors: 1) site quality, 2) timber type, 3) timber size class, and 4) timber volume per acre. These factors, and the means by which they are recognized in the valuation process, are explained below.

Forest land is placed into one of five classes based largely on differences in productivity. These classes, and the appraisals and assessments that were associated with each in 1983, are listed in table 7.

Timber is categorized on the basis of whether or not it has attained merchantable size. Appraisals for stands of trees that have not reached merchantability (that is, the average diameter at breast height is less than 5 inches) vary from nothing in the case of cutover lands with no reproduction to $125/acre in the case of lands that have been site prepared, planted, and the seedlings have a high survival rate. Appraisals for stands of trees that have achieved merchantability depend on whether the stands are composed of pines or hardwoods. Three classes of merchantable pine timber are recognized: 1) areas stocked with pulpwood sized material, 2) areas stocked with chip-and-saw material, and 3) areas stocked with sawtimber-sized materials. Within each class, appraisals and assessments are a function of the timber volume per acre. The present value schedules for each class are shown in table 8.

TABLE 6- Classes of timberland in Jasper County

Class of timberland	Appraised value	Assessed value[1]	Tax[2]
		Dollars per acre	
Cutover or recently planted	300	120	2.87
Pulpwood-sized timber	350	140	3.35
Sawtimber-sized timber	500	200	4.78

[1]Based on a 40-percent assessment ratio.

[2]Based on a millage rate of 23.91 mills.

TABLE 7- Classes of timberlands in Jones County

Timberland class	Appraised value	Assessed value[1]
	Dollars per acre	
Class I (most productive)	345	138
Class II	285	114
Class III	230	92
Class IV	170	68
Class V (least productive)	115	46

[1]Based on a 40-percent assessment ratio.

TABLE 8- Classes of merchantable pine timber

Pulpwood volume class (cds./ac.)	Appraised value	Assessed value
	Dollars per acre	
2 - 5	40	16
6 - 10	90	36
11 - 15	150	60
16 - 20	210	84
21 - 25	270	108
26+	330	132
Chip-and-saw volume class (cds./ac.)		
2 - 5	90	36
6 - 10	200	80
11 - 15	325	130
16 - 20	450	180
21 - 25	575	230
26+	700	280
Sawtimber volume class (bf/ac.)		
500 - 1,500	125	50
1,500 - 3,000	280	112
3,000 - 5,000	500	200
5,000 - 7,000	750	300
7,000 - 9,000	1,000	400
9,000+	1,250	500

Two classes of merchantable hardwood timber are recognized: 1) areas stocked with pulpwood sized material, and 2) areas stocked with sawtimber sized material. Within each class, appraisals and assessments are once again a function of the timber volume per acre. The present value schedules for each class are shown in table 9.

Most NFS lands fall within site productivity classes II and III, and thus can be expected to have had an average appraised value of approximately $250/acre. These areas also tend to be well stocked with larger sized trees and are predominantly in pine. For this reason, the timber on a "typical" acre would probably be appraised at about $700. These figures suggest that the average appraisal, assessment, and tax for land and timber combined would be:
Average appraisal- $250/acre + $700/acre = $950/acre
Average assessment- $950 x 0.40 = $380/acre
Average tax- $380 x 0.01585 = $6.02/acre.

TABLE 9- Classes of merchantable hardwood timber

Pulpwood volume class (cds./ac.)	Appraised value	Assessed value
	Dollars per acre	
3 - 6	15	6
6+	30	12
Sawtimber volume class (bf/ac.)		
1,000 - 3,000	70	28
3,000 - 5,000	40	56
5,000 - 7,000	210	84
7,000+	280	112

From the preceding, the total amount of property tax that would be collected from NFS lands in 1983 can be determined. The necessary calculations are:
Total tax = 16,570 acres x $6.02/acre = $99,751.

The tax on forest properties in the county has been fairly stable over the past 5 years. However, it is expected that current appraisals could double within the next year as a consequence of a comprehensive countywide reappraisal.

Putnam County

Location: central Georgia.

In Putnam County, timberlands are placed into one of two classes for property tax purposes. These classes, and the appraisals, assessments, and taxes that were associated with each in 1983, are listed in table 10.

By virtue of their size, NFS lands would fall into the second of the two preceding classes. This means that the total amount of property tax collected from these lands in 1983 would be:
Total tax = 34,603 acres x $2.11/acre = $73,012.

The tax on forest properties in Putnam County has been increasing by about 2 to 5 percent annually over the past 5 years.

Idaho State Tax Laws

Forest properties in Idaho, depending on their size, are subject to any of four tax systems. Very small properties (less than 5 acres) are subject to an unmodified ad valorem tax; very large properties (greater than 2,000 acres) are subject to a productivity tax; and properties between these two extremes are subject, at the owner's option, to either a productivity or bare land and yield tax. The fourth forest tax law is the Reforestation Act and is administered by Idaho's Department of Lands.

Forest lands that are classified on the unmodified ad valorem tax roll are assessed and taxed on the basis of their fair market value in highest and best use. Actual taxable values are established through an analysis of relevant transactions data. The maximum tax that can be collected on any property in Idaho is 1 percent of

TABLE 10- Classes of timberlands in Putnam County

Class of timberland	Appraised value	Assessed value[1]	Tax[2]
		Dollars per acre	
Tracts $\leq$ 25 acres	460	184	4.22
Tracts $>$ 25 acres	230	92	2.11

[1]Based on a 40-percent assessment ratio.

[2]Based on a millage rate of 22.96 mills.

the market value. In addition, a maximum annual tax payment increase on existing facilities of 5 percent is mandated by the State legislature.

Under the productivity system, forest properties are assessed and taxed on the basis of their timber income producing potential. For assessment purposes, the State is divided into four forest value zones, and the land in each zone is graded as poor, average, or good depending on its ability to produce wood fiber. Applicable definitions are:

Poor--Forest land having a mean annual increment (MAI) of 100 board feet per acre, based on an 80-year rotation and 65 percent of normal stocking by the end of the rotation period.
Average--Forest land having a MAI of 225 board feet per acre in northern Idaho and 213 in southern Idaho, based on 80- and 100-year rotations respectively and 65 percent of normal stocking by the end of the rotation period.
Good--Forest land having a MAI of 350 board feet per acre in northern Idaho and 320 in southern Idaho, based on 80- and 100-year rotations respectively, and 65 percent of normal stocking by the end of the rotation period.

Annual gross timber incomes are computed for the different combinations of land grade and value zone by multiplying the preceding growth rates by a 5-year moving average stumpage value derived from State timber sales data. Annualized costs are deducted from these gross incomes to determine the corresponding net incomes. The latter, when divided by the stipulated capitalization rate, provide the desired productivity (i.e., taxable) values. Figure 1 is a map of Idaho showing the land zones and the 1983 productivity and bare land values. The productivity values are approximately 33 percent of the true cash value, and the bare land values are approximately 20 percent of true cash value.

Under the bare land and yield tax, land and timber resources are conceptually separated for taxation purposes. Forest owners pay an annual tax based on the current use value of their land as if it were devoid of timber. These bare land values are established using the same general framework as was employed in the case of the productivity tax, but a fully regulated forest structure that would result in the production of equal annual harvests is not assumed. Timber values go untaxed until the time of harvest. At this juncture, the volume being cut is multiplied by a 5 year moving average stumpage price computed from State timber sales data. The resultant gross income, when multiplied by the mandated yield tax rate of 3 percent, indicates the amount of tax due. If land use changes to a nonforest use or the designation is changed at the time of harvest, a recapture of the deferred (yield) taxes is possible.

The Reforestation Act directed that these lands be annually assessed at $1 per acre until 1974, at which time the assessment was raised to $5 per acre. Additionally, there is an annual $.30 per acre assessment for forest fire protection. At the end of the 50-year contract, any merchantable standing timber is cruised to determine the volume; a 12.5-percent yield tax is levied on the value of this standing timber. Any timber removed during the 50-year contract is also subject to the 12.5-percent yield tax. The majority of these contracts were initiated in the 1930's and are due to expire in the 1980's. Currently, there are approximately 70,000 acres still classified under the Reforestation Act. The owner (industrial or non-industrial) may renew the 50-year contract if the timber has not reached merchantability. No one has chosen to do so because the 12.5-percent yield tax is currently running from $13 to $200 per acre for annual harvested volume or standing timber. It is expected that these lands will eventually be reclassified under the productivity system.

The national forests in Idaho are, for the most part, in contiguous parcels of 2,000 acres or greater. Table 11 lists the total county and NFS acreages. Commercial NFS lands in Idaho would be taxed under the productivity system. Some of the NFS lands would be taxed as grazing lands. There are large acreages of wilderness lands in Idaho. How these lands might be assessed will require further consideration and research. One suggestion is to tax these lands on an income approach by determining the potential income from these lands from recreational and other nontimber uses.

The 1890 Admissions Act provides for nine endowment land classifications. Revenues obtained from State-owned lands are deposited in the large public school endowment with smaller amounts of land and revenues designated for the remaining eight endowments. One investment board manages the use of the non-spendable, ever-increasing endowments principal to earn interest which is assigned on a quarterly basis. The most significant endowment fund raiser is the State timber sale program. In 1983, 160 mmbf were harvested from the State forests. The 880,000 acres of State-owned commercial forest land have recently provided annual payments ranging from $6.82 to $26.82 per acre for the endowments.

Idaho County Analyses

TABLE 11- Idaho county acreages and millage rates

County	Total county acreage	Acres of NFS lands	Average mill levy
Blaine	1,695,360	489,203	6.50 mills
Boise	1,244,320	872,632	6.50 mills
Clearwater	1,614,080	807,678	7.68 mills
Custer	3,157,120	2,120,359	7.00 mills
Shoshone	1,669,760	1,183,644	7.70 mills

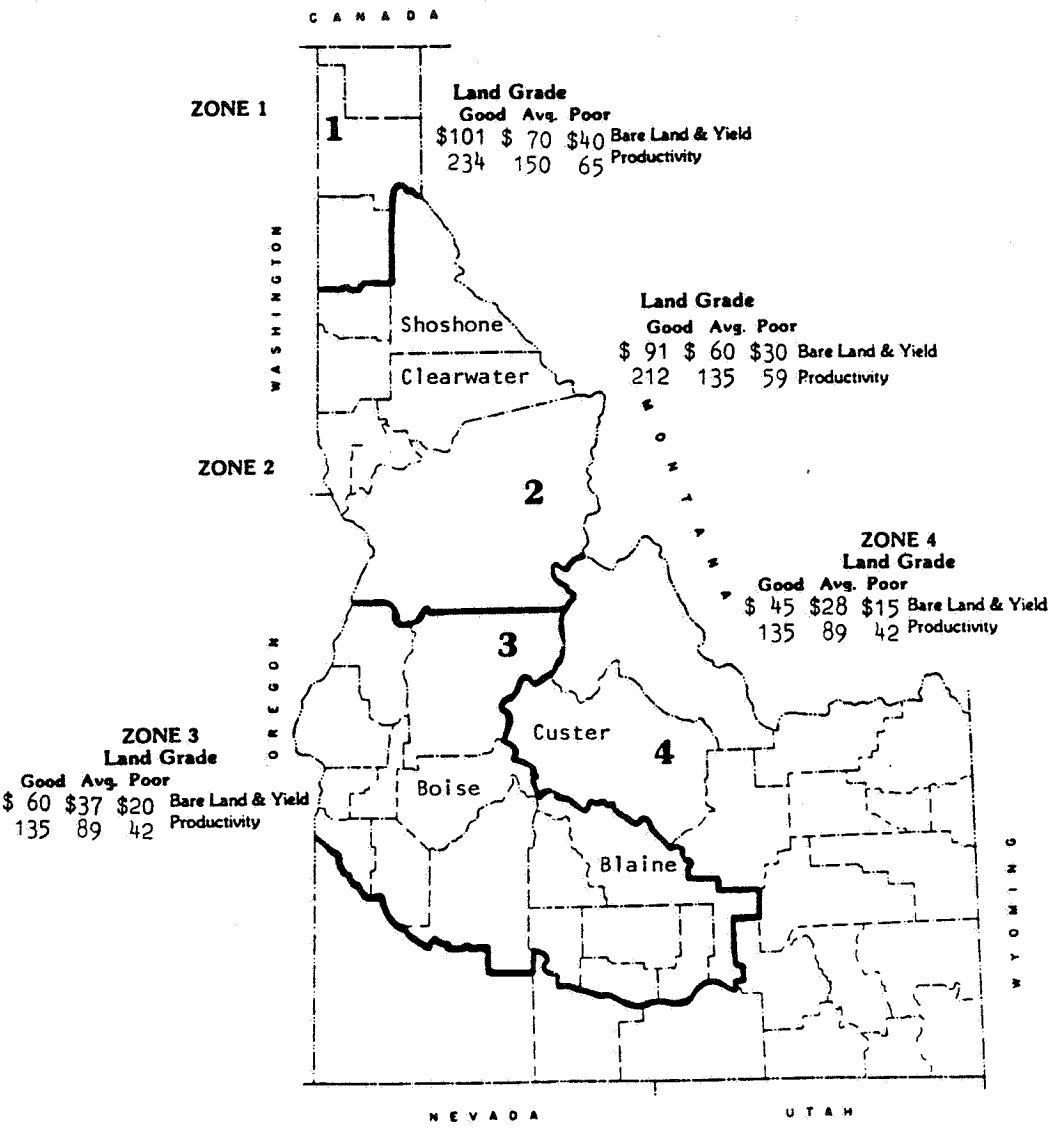

Figure 1- 1983 forest value and stumpage value zones in Idaho. Source: Idaho State Tax Commission, Boise, ID.

Blaine County

Location: central Idaho--Zone 3 (see map).

The average forest land grade productivity value is $89 per acre; this assessed value is approximately 33 percent of market (true cash) value. Dry grazing lands are assessed from $26 per acre up to $50 per acre; some of the NFS acreage may be assessed as grazing land. The average for the county is $31 per acre. The calculation of 1984 property tax if 80 percent of NFS lands (Challis NF and Sawtooth NF) were assessed at $89 per acre and 20 percent were assessed at $31 per acre would be:

391,362 acres X $89/acre X 0.0065 = $226,403
97,841 acres X $31/acre X 0.0065 = 19,715
Total in property taxes = $246,118.

Currently, there are no private lands in Blaine County that are assessed under either one of the two special forest tax laws. Ninety percent of the private lands are classified as scenic easements and compensated for such use by the Federal Government. These lands remain in private ownership; however, timber harvesting is not allowed. Some small stands of NFS timber are being harvested, primarily for use as fenceposts.

Blaine County is a resort county; Sun Valley ski area and numerous expensive residences and properties are within the county's boundaries. Taxes paid on these residences, lands, and other improvements are based on an assessment of 100 percent of market value. The private land acreage of the Sun Valley ski area is assessed on an income basis (mill levy X income = taxes due).

Boise County

Location: southern Idaho--Zone 3 (see map).
The average forest land grade productivity value is $89 per acre; this assessed value is approximately 33 percent of market (true cash) value. Dry grazing lands are assessed at $33 per acre (average) at the southern end (lower altitude) of the county and $42 per acre (average) in the northern half (higher altitudes) of the county. The overall average for the county is $34 per acre. This $34 average is approximately 25 percent of market value (assessment ratio equals 25 percent).

The calculation of 1984 property tax if 80 percent of NFS lands (Boise NF) were assessed at $89 per acre (forested land) and 20 percent of NFS lands were assessed at $34 per acre (grazing land average) would be:
698,106 acres X $89/acre X 0.0065 = $403,854
174,526 acres X $34/acre X 0.0065 = $ 94,157
Total in property taxes = $498,011.

There are privately owned lands in Boise County classified under the productivity system and lands classified under the bare land and yield system. In addition, there are 28,000 acres under the Reforestation Law. This classification for these acres is due to expire sometime in 1985, and this land will then be classified under either the productivity system or the bare land and yield system. Residences and other land not classified under a special assessment law are assessed at 100 percent of market value; however, the maximum tax on any property is 1 percent of market value. Wilderness land might be assessed either as forested land or as grazing lands. Timber harvesting is not allowed on wilderness lands, but grazing is allowed. A $5 million investment in one ski area in the county is reportedly taxed on a cost approach (based on the value of any improvements).

Clearwater County

Location: northern Idaho--Zone 2 (see map).
The average forest land grade productivity value is $135 per acre; this assessed value is approximately 33 percent of market value for most of these lands. Dry grazing lands are assessed at $54 per acre on an average for the county. The calculation of the 1984 property tax if NFS lands (Clearwater NF and St. Joe NF) were assessed using $135 per acre would be:
807,678 acres X $135/acre X 0.00768 = $837,401 in property taxes.

NFS lands would be classified in their highest and best use primarily as commercial timber lands. Some acreage is leased out for grazing and some acreage is wilderness. There are some small private tracts classified under the bare land and yield system.

The county assessor makes an attempt to complete a new appraisal every 5 years. The county assessor completed an appraisal in 1983 at a cost to the county of $150,000. The appraisal was completed only on farmlands, residences, and some commercial lands. Forest property is assessed on its site productivity value and not on its current timber stand condition.

Custer County

Location: central Idaho--Zone 4 (see map)
The average forest land grade productivity value is $89 per acre. Some NFS lands would be assessed at this value; however, there are very high market values for recreational and scenic lands in this county. Dry grazing lands are assessed form $28 per acre up to $35 per acre. An overall county average is $31 per acre, which is approximately 20 percent of market value. There are NFS lands that are currently used for growing timber and grazing. These lands would be assessed for their highest and best use, in this case, under the forest productivity system. The calculation of the 1984 property tax if 80 percent of NFS lands (Challis NF and Sawtooth NF) were assessed using $89 per acre and 20 percent were assessed at $31 per acre would be:
1,272,215 acres X $89/acre X 0.007 = $792,590
424,072 acres X $31/acre X 0.007 = 92,024
Total in property taxes = $884,614.

There is not any private commercial timber classified under any of the forest tax laws. There are lands in the process of being acquired by direction of the Scenic Act, especially along roads through the Sawtooth Peaks. Scenic easement lands are still privately owned, and the rights to any further development are bought by the Federal Government. The esthetic value, reportedly set by the State, of these scenic easement lands ranges from $2,200 per acre up to $10,000 per acre (market value).

There is also a national recreation area in Custer County. Additions to this NRA have been bought outright at market prices ranging from $1,000 per acre up to $10,000 per acre. There will, no doubt, be considerable debate on how wilderness lands might be assessed under an ad valorem property tax system.

Shoshone County

Location: northern Idaho--Zone 2 (see map).
The average forest land grade productivity value is $135 per acre, and most NFS lands would be assessed at this value. Non-irrigated agricultural land is assessed at an overall average of $287 per acre. These lands are mostly located in the bottom of river valleys; they are highly valued lands, but are not irrigated and thus are not classified as such. The calculation of the 1984 property tax if NFS lands (Clearwater, Coeur d'Alene, and St. Joe National Forests) were assessed using $135 per acre would be:
1,183,644 acres X $135/acre X 0.0077 = $1,230,398 in property taxes.

There are 275,000 acres of private forest land that are classified under the productivity system. These acreages are owned primarily by two timber companies. It is estimated that the county loses approximately $250,000 annually because of these special forest assessment rates, compared to a 100-percent assessment/market value ratio. For example, a private company recently bought 93,000 acres at an average market value of $1,500 per acre. These lands are now classified under the productivity system, and as such, are assessed for future taxation purposes from $56 per acre up to $202 per acre. In addition, most of the timber harvested in this zone (zone 2) is sold up in the panhandle (zone 1).

Louisiana State Tax Laws

Louisiana has two special forest taxes. Under the provisions of a modified assessment law passed in 1976, land is taxed annually on the basis of its current use value. Under the provisions of a yield tax law passed in 1954, timber is taxed on the basis of its value at the time of cutting.

Regarding the State's modified assessment law, it provides that use valuation is an option that forest owners must elect every 4 years. Furthermore, it limits eligibility to those properties that either: 1) are 3 or more acres in size, or 2) have produced an average gross annual income of at least $2,000 over the preceding 4 years. If these conditions are met, the following classes of timberland are to be recognized in the appraisal process:

Class I--Land capable of producing more than 120 cubic feet of timber per acre per annum.
Class II--Land capable of producing more than 85 but less than 120 cubic feet of timber per acre per annum.
Class III--Land capable of producing less than 85 cubic feet of timber per acre per annum.
Class IV--Land capable of producing less than 85 cubic feet of timber per acre per annum and subject to periodic overflow from natural or artificial water courses.

The gross income associated with each class of timberland is estimated by multiplying the expected average annual per acre cubic foot growth as determined from periodic Forest Service Forest Survey statistics by the average value per cubic foot of timber stumpage as established by the Louisiana Forestry and Tax Commissions. Annual management expenses are deducted from these gross incomes to determine net income. The latter, when divided by the stipulated capitalization rate, presently 13.58 percent, yields the appraised values. The assessments, or taxable values, are 10 percent of the appraisals. The values recommended by the tax commisssion must, for the most part, be used by the parish assessors. Adjustments cannot exceed plus or minus 10 percent.

The State's yield tax law provides that timber is to be taxed at the time of cutting on the basis of its "current average stumpage value." This value is computed by multiplying the volume of timber to be cut by appropriate unit prices. Stumpage prices for different categories of products are established in December of each year by the forestry and tax commissions. To calculate the amount of tax due from any given sale, the "current average stumpage value" of the products being cut is multiplied by the applicable yield tax rate--5 percent for pulpwood and 2.25 percent for all other timber products.

Although the two preceding statutes represent the State's primary forest tax programs, the individual parishes are authorized, at their discretion, to impose a forest acreage tax. Revenues from the tax, which cannot exceed $0.02 per acre, are placed into a forestry fund administered by the State. Proceeds from the fund are used on a pro rata basis to protect forest lands in the participating parishes from fire and other damage.

National Forest System lands will be eligible for assessment and taxation on the basis of their current use value. Table 12 lists the NFS acreages in five Louisiana Parishes. Timber cut from these lands will be, as it is now, subject to the State's yield tax. This tax will continue to be paid by timber cutters; however, it will almost certainly be passed on to the Federal Government in the form of reduced bid prices for national forest stumpage. NFS lands will also be subject to the forest acreage tax, even though the State provides no protection for these areas. In the past, all the parishes containing NFS lands have opted to impose this tax at the maximum rate of $0.02 per acre. Such treatment seems likely to continue.

Louisiana Parish Analyses

TABLE 12- Louisiana parish acreages and millage rates

Parish	Total parish acreage	Acres of NFS lands	Average mill levy
Grant	435,800	140,337	105.85 mills
Natchitoches	849,900	128,886	86.06 mills
Rapides	849,300	101,221	76.83 mills
Webster	401,900	12,071	55.97 mills
Winn	610,600	110,371	66.23 mills

Grant Parish

Location: central Louisiana.

In Grant Parish, as in all Louisiana parishes, timberlands are placed into any of four

classes on the basis of their productivity. These classes, as well as the appraisals, assessments, and taxes that were associated with each in 1983, are shown in table 13.

Assuming that NFS lands are distributed among the four productivity classes in the same proportions as all privately owned forest lands in the parish and that a forest acreage tax of $0.02/acre will continue to be levied, the average appraisal, assessment, and tax associated with a "typical" acre of NFS land would be:
Appraisal = $187.50 (0.0005) + 156.70 (0.5138) + $110.60 (0.3588) + $77.10 (0.1269) = $130.07/acre.
Assessment = $130.07 x 0.10 = $13.01/acre.
Tax = ($13.01 x 0.10585) + 0.02 = $1.40/acre.

From the preceding, the total amount of property tax that would be collected from NFS lands in 1983 can be readily determined. The necessary calculation is as follows:
Total tax = 140,337 acres x $1.40/acre = $196,472.
The tax on forest properties in the parish has been increasing at an average annual rate of about 13.5 percent over the past 5 years.

Natchitoches Parish

Location: west-central Louisiana.
The values of the timberlands classes, as well as the appraisals, assessments, and taxes that were associated with each in 1983, are shown in table 14.

The appraisal, assessment, and tax associated with a "typical" acre of NFS land would be:
Average appraisal = $188.30 (0.0029) + 156.80 (0.02284) + $110.60 (0.7450) + $77.00 (0.0237) = $120.58/acre.
Average assessment = $120.58 x 0.10 = $12.06/acre.
Average tax = ($12.06 x .08606) + 0.02 = $1.06/acre.

From the preceding, the total amount of property tax that would be collected from NFS lands in 1983 can be readily determined. The necessary calculation is as follows:
Total tax = 128,886 acres x $1.60/acre = $136,619.
The tax on forest properties in the parish has been increasing at an average annual rate of about 6.6 percent over the past 5 years.

Rapides Parish

Location: central Louisiana.
The values of the four timberlands classes, as well as the appraisals, assessments, and taxes that were associated with each in 1983, are shown in table 15.

TABLE 13- Classes of timberlands in Grant Parish

Class of timberland	Appraised value	Assessed value[1]	Tax[2]
		Dollars per acre	
Class I	187.50	18.75	1.98
Class II	156.70	15.67	1.66
Class III	110.60	11.06	1.17
Class IV	77.10	7.71	.82

[1]Based on a 10-percent assessment ratio.

[2]Based on a millage rate of 105.85 mills.

TABLE 14- Classes of timberlands in Natchitoches Parish

Class of timberland	Appraised value	Assessed value[1]	Tax[2]
		Dollars per acre	
Class I	188.30	18.83	1.62
Class II	156.80	15.68	1.35
Class III	110.60	11.06	.95
Class IV	77.00	7.70	.66

[1]Based on a 10-percent assessment ratio.

[2]Based on a millage rate of 86.06 mills.

The average appraisal, assessment, and tax associated with a "typical" acre of NFS land would be:
Appraisal = $191.20 (0.0221) + 159.20 (0.5853) + $112.60 (0.3322) + $78.50 (0.0604) = $139.55/acre.
Assessment = $139.55 x 0.10 = $13.96/acre.
Tax = ($13.96 x 0.07683) + 0.02 = $1.09/acre.

From the preceding, the total amount of property tax that would be collected from NFS lands in 1983 can be readily determined. The necessary calculation is as follows:
Total tax = 101,221 acres x $1.09/acre = $110,331.
The tax on forest properties in the parish has been increasing at an average annual rate of about 9.3 percent over the past 5 years.

Webster Parish

Location: northwest Louisiana.
The values of the four timberlands classes, as well as the appraisals, assessments, and taxes that were associated with each in 1983, are shown in table 16.

The average appraisal, assessment, and tax associated with a "typical" acre of NFS land would be as indicated below:
Appraisal = $160.00 (0.3875) + 113.30 (0.6125) = $131.40/acre.
Assessment = $131.40 x 0.10 = $13.14/acre.
Tax = ($13.14 x 0.05597) + 0.02 = $0.75/acre.

From the preceding, the total amount of property tax that would be collected from NFS lands in 1983 can be readily determined. The necessary calculation is as follows:
Total tax = 12,071 acres x $0.75/acre = $9,053.
The tax on forest properties in the parish has been increasing at an average annual rate of about 12.7 percent over the past 5 years.

Winn Parish

Location: central Louisiana.
The values of the four timberlands classes, as well as the appraisals, assessments, and taxes that were associated with each in 1983, are shown in table 17.

TABLE 15- Classes of timberlands in Rapides Parish

Class of timberland	Appraised value	Assessed value[1]	Tax[2]
		Dollars per acre	
Class I	191.20	19.12	1.47
Class II	159.20	15.92	1.22
Class III	112.60	11.26	.87
Class IV	78.50	7.85	.60

[1]Based on a 10-percent assessment ratio.

[2]Based on a millage rate of 76.83 mills.

TABLE 16- Classes of timberlands in Webster Parish

Class of timberland	Appraised value	Assessed value[1]	Tax[2]
		Dollars per acre	
Class I	--	--	--
Class II	160.00	16.00	0.90
Class III	113.30	11.33	.63
Class IV	--	--	--

[1]Based on a 10-percent assessment ratio.

[2]Based on a millage rate of 55.97 mills.

TABLE 17- Classes of timberlands in Winn Parish

Class of timberland	Appraised value	Assessed value[1]	Tax[2]
		Dollars per acre	
Class I	187.70	18.77	1.24
Class II	156.70	15.67	1.04
Class III	110.60	11.06	.73
Class IV	77.50	7.75	.51

[1]Based on a 10-percent assessment ratio.

[2]Based on a millage rate of 66.23 mills.

The average appraisal, assessment, and tax associated with a "typical" acre of NFS land would be as indicated below:
Appraisal = $187.70 (0.0011) + $156.70 (0.5620) + $110.60 (0.4367) + $ 77.50 (0.0002) = $136.59/acre.
Assessment = $136.59 x 0.10 = $13.66/acre.
Tax = ($13.66 x 0.06623) + 0.02 = $0.92/acre.

From the preceding, the total amount of property tax that would be collected from NFS lands in 1983 can be readily determined. The necessary calculation is as follows:
Total tax = 110,371 acres x $0.92/acre = $102,050.
The tax on forest properties in the parish has been increasing at an average annual rate of about 10.3 percent over the past 5 years.

Michigan State Tax Laws

Michigan has two special forest tax laws, both of which are optional. The Private Forest Reserve Act was passed in 1917. The second, known as the Commercial Forest Act, was passed in 1925.

Land classified under the Private Forest Reserve Act is administered by the townships and counties. Any assessed land value greater than $1 per acre is tax exempt. In addition, a 5-percent yield tax is levied on the stumpage price of any timber harvested at the time of harvest. The value of the products being cut is established by the township assessor from information supplied by the forest owner. To be eligible for the program, a forest tract must be less than 40 acres in size. In addition, the timbered portion of the tract must be adequately stocked with trees of an approved species. Currently, there are less than 1,000 acres in the entire State classified under this act.

Regarding the Commercial Forest Act, this law also provides for a conceptual separation of land and timber values. Specifically, land is subject to a fixed tax of $0.30 per acre per year whereas timber is subject to a yield tax of 10 percent of its stumpage value at the time of harvesting. To be eligible for the program, a forest tract must be greater than 40 acres in size, and the land must be used exclusively for commercial timber growing purposes. Interfering uses such as crop production, mineral extraction, developed recreation, and grazing are strictly prohibited. In consideration of the fact that local tax revenues might be adversely affected, the statute obligates the State to compensate the counties for each acre of land enrolled. The present rate of compensation is $0.70 per acre per year, in addition to the $0.30 per acre paid by the private landowner.

Forest lands not listed under either of the preceding programs are assessed and taxed on the basis of their fair market value. Market values are established through an analysis of relevant transactions data and are multiplied by a State equalized assessment ratio of 50 percent to determine the assessed or taxable value. There are six classes of real property, including a timber-cutover real property class. Most NFS lands would be ineligible for enrollment under either of Michigan's special forest tax laws. County assessors unanimously agreed that most NFS lands would be subject to the traditional ad valorem tax and would be classified under the timber-cutover real property class. Table 18 lists the NFS acreages in five Michigan counties.

In addition to the federally owned land, there are 3.8 million acres of State forest land. The total State-owned acreage is approximately 4.2 million acres. For those lands that were acquired prior to 1939, a $1.50 per acre in lieu payment is made annually to the counties. Most of this land is located in the upper peninsula and includes approximately 80 percent of the State-owned acreage. The remaining 20 percent is classified on the State's ad valorem tax rolls.

Michigan County Analyses

TABLE 18- Michigan county acreages and millage rates

County	Total county acreage	Acres of NFS lands	Average mill levy
Alger	435,700	115,369	40 mills
Delta	747,853	241,527	45 mills
Newaygo	552,960	108,506	43 mills
Oscoda	368,640	146,141	36 mills
Schoolcraft	773,500	122,253	42 mills

Alger County

Location: Upper Peninsula of Michigan.

National Forest System lands would be taxed under the timber-cutover real property classification. The average true cash value of these lands is approximately $150 per acre. Therefore, the assessed value is $75 per acre (the assessed value is 50 percent of true cash value as set by the State Equalization Board). The calculation of the 1983 property tax if NFS lands had been assessed under the timber-cutover class would be:
115,369 acres X $75/acre X 0.040 = $346,107 in property taxes.

If some NFS lands were classified under the Commercial Forest Act, the total tax paid to the county would be $1 per acre (assuming that the Forest Service paid both the $0.30 per acre to the township and the $0.70 per acre normally paid to the county by the State) in place of the $3 per acre if classified under the the timber-cutover class. Any timber removed under the Commercial Forest Act designated lands is subject to a 10-percent yield tax, payable by the operator at the time of harvest.

There are 180,720 acres of private forest land classified under the Commercial Forest Act. All Commercial Forest Act lands must be used strictly for growing and harvesting timber. There are no private acres classified under the Private Forest Reserve Act.

Delta County

Location: Upper Peninsula of Michigan.

The majority of NFS lands would be assessed at $78 per acre under the timber-cutover real property classification. Some NFS lands might be classified under the Commercial Forest Act; the tax cost to the Forest Service would be $1 per acre annually if the FS paid both the $0.30 per acre, and the $0.70 per acre currently paid by the State. The calculation of the 1983 property tax if NFS lands were classified as 75 percent timber-cutover real property and 25 percent Commercial Forest Act lands would be:
181,145 acres X $78/acre X 0.045 = $635,819
60,382 acres X $1 tax per acre per year = $ 60,382
Total in property taxes = $696,201.
NFS acreage classified under the Commercial Forest Act would be subject to the 10-percent yield tax.

There are currently 72,239 acres of private land classified under the Commercial Forest Act. There are no Private Forest Reserve Act lands in Delta County at the present time.

Newaygo County

Location: northern Michigan.

Timber-cutover lands in parcels of 80 acres or greater are assessed, on the average, at $150 per acre ($300 per acre true cash value). NFS lands would be assessed under this real property classification by the county assessor. The calculation of the 1983 property tax if NFS lands were assessed at $150 per acre would be:
108,506 acres X $150/acre X 0.043 = $699,864 in property taxes.

There are approximately six tracts of land (all less than 40 acres) that are taxed at $1 per acre under the Private Forest Reserve Act. In addition, there are 365 acres of private forest land that are taxed under the Commercial Forest Act. The primary use of the Manistee NF in Newaygo County is recreation. In addition, there are permits issued for removal of dead timber for fuelwood use.

Oscoda County

Location: northern Michigan.

In Oscoda County, land parcels greater than 80 acres classified as timber-cutover real property are assessed at an average of $175 per acre (true cash value is $350 per acre). The calculation of the 1983 property tax if NFS lands were classified as timber-cutover real property would be:
146,141 acres X $175/acre X 0.036 = $920,688 in property taxes.

The predominant use of NFS lands in this county is for recreation. There are no acres classified under the Private Forest Reserve Act, and only 378 acres of private forest land are classified under the Commercial Forest Act. There is considerable State forest acreage. The State pays $1.50 per acre on upper peninsula lands that were acquired by the State before 1939. Other lands purchased by the State after this time are assessed an ad valorem tax (approximately 20 percent of the 3.8 million acres of State forest land) similar to the NFS lands computations above.

Schoolcraft County

Location: Upper Peninsula of Michigan.

National Forest System lands would be assessed

by the county assessor as timber-cutover real property. Of the 122,253 NFS acres, 7,000 acres are lake frontage property and would be assessed at $283 per acres ($566 per acre true cash value), and the remaining 115,253 acres would be assessed at approximately $100 per acre. The calculation of the 1983 property tax paid by the Forest Service for NFS lands if assessed under the timber-cutover real property classification would be:

7,000 acres X $283/acre X 0.042 = $ 83,202
115,253 acres X $100/acre X 0.042 = $484,063
Total taxes = $567,265.

The predominant use of the Hiawatha National Forest in Schoolcraft County is recreation. There are 72,800 acres of private forest land in the county classified under the Commercial Forest Act. In addition, there are 288,000 acres of State land. Approximately 247,000 acres are swamplands acquired before 1939 (the State pays $1.50 per acre per year), and the remaining 41,000 acres are on the ad valorem tax roll.

Oregon State Tax Laws

Oregon has three timber tax laws that provide for a modified assessment of privately owned forest land. There is a fourth law, in the process of being phased out, which affects assessment on reforestation lands.

The first law is the western Oregon Small Tract Option and is administered by the Oregon State Department of Forestry. The landowner must apply to the State for this classification. The range of acres acceptable for this classification is from 10 acres to 2,000 acres maximum. Most of these lands are maintained for noncommercial forestry use and would be assessed for some higher value use if not under this option. Lands classified under this law are placed in one of five productivity classes based on site index. The average net annual income per acre over one rotation was capitalized at 20 percent until January 1, 1985, and at 17 percent thereafter. There is no severance tax levied on harvested timber under this classification.

The Special Assessment of Forest Land in eastern Oregon affects all forest assessments in eastern counties (east of the Cascades). These lands are administered by the county assessors. All lands assessed under this law are to be utilized predominantly for the growing and harvesting of forest crops and cannot be assessed for a higher and better use. All acres under this classification are assessed at a 1983 true cash value of $26.08 per acre (see table 19). The value changes annually as a result of using the stumpage values of timber as an index by which the forest land values are adjusted. A 5-percent severance tax is levied on all private timber removed from these lands, payable by the operator.

The third law is the Western Oregon Designated Forest Land and Severance Tax law passed in 1978. This law is administered by the State Department of Revenue. Lands classified under this law are assessed at a true cash value for forest use versus a higher and better use such as rural-homesites. In addition to the ad valorem tax, a 6.5-percent severance tax is levied on all timber removed from privately owned lands, payable by the operator. The land values are based on a percent annual change of the market stumpage price of second-growth Douglas-fir. The original values were decreed by the Oregon Supreme Court in 1976. The designated forest land values are broken down by land value zones in each western county and by forest quality classes FA, FB,..., FX. These quality classes are based on site index (see table 20 for Lane and Clackamas County values).

The fourth forest tax law is an old law used prior to 1978. Under this law, owners of reforestation lands did not pay an ad valorem tax; instead, a 12.5-percent yield tax was levied on the value of the timber at the time of harvest. When the designated forest land law went into effect in 1978, lands classified under the prior ad valorem tax law were then classified as designated forest land. Reforestation timber lands are still in the process of being converted from the 12.5-percent yield tax-no ad valorem tax system to the designated forest land system.

Most NFS lands would be classified under the Western Oregon Designated Forest Land law or the Eastern Oregon Special Forest Land assessment. Under a tax equivalency system, the Federal Government (Forest Service) would be responsible for the ad valorem taxes, and the operator would pay the severance tax at the time of harvest. Currently, the severance tax in Oregon is levied only on timber harvested from privately owned lands. Under a tax equivalency program, it is assumed that the severance tax would then be levied on Federal timber also. Table 21 lists the average severance taxes and the volume of FS timber harvested in 1983 from the five Oregon study counties.

Some lands in eastern Oregon may be taxed as rangelands. There are special assessments made on these lands depending on the individual county.

TABLE 19- Eastern Oregon Special assessment of forest land[1]

Year	Assessed value per acre
1982	$25.00
1983	26.08
1984	26.20

[1]Source: Oregon State Department of Revenue, Assessment and Appraisal Division, Timber Section, July 1984.

TABLE 20- Western Oregon designated forest land[1]

True cash value of forest land per acre as of January 1, 1982

Land class	Clackamas County				Lane County			
	A	B	C	D	A	B,C,D,E	F&G	H
FA	$660	$613	$566	$585	$585	$566	$518	$660
B	518	453	406	471	453	415	378	518
C	453	378	331	406	395	358	321	453
D	378	321	282	331	312	302	274	378
E	264	237	207	245	237	217	207	264
F	207	188	160	188	179	169	169	207
G	150	124	113	124	113	113	113	150
X	48	48	48	48	48	48	48	48

True cash value of forest land as of January 1, 1983

Land class	Clackamas County				Lane County			
	A	B	C	D	A	B,C,D,E	F&G	H
FA	393	366	337	349	349	337	309	393
B	324	282	254	293	282	258	237	324
C	267	223	195	240	234	212	189	267
D	232	197	174	202	192	185	168	232
E	168	150	132	156	150	136	132	168
F	115	105	88	105	99	95	95	115
G	57	46	43	46	43	43	43	57
X	33	33	33	33	33	33	33	33

Modifiers apply to all zones and classes except FX:[2]
Slope - Base value - less 12 percent
Surface conditions - Base value - less 12 percent
Brush - Base value - less 75 percent
Zones remain unchanged.

[1]Source: Oregon State Department of Revenue, Assessment and Appraisal Division, Timber Section, July 1984.

[2]Property assessments can be reduced by individual county assessors when inclement slope and/or brush conditions exist.

TABLE 21- Calculation of Oregon severance taxes

County	Oregon FY 1983 average severance tax/mbf[1]
Clackamas	$9.45
Deschutes	3.13
Klamath	5.02
Lane	8.84
Wallowa	3.06

County	Volume of FS timber (mbf) removed in 1983[2]
Clackamas	236,760
Deschutes	123,356
Klamath	231,021
Lane	477,354
Wallowa	62,443

[1]Source: Oregon State Department of Revenue, Assessment and Appraisal Division, Timber Section. State of Oregon fiscal year runs from June 1 to May 31. The severance tax is levied on private timber only, consisting mostly of second-growth stands and 60-year rotation fir. The average severance tax is based both on private volume harvested and the value of the individual grades. Timber harvested from national forest system lands is still primarily from old-growth stands. A 6.5-percent severance tax is currently levied on private timber harvested in western Oregon and a 5.0-percent severance tax is levied on private timber harvested in eastern Oregon.

[2]Source: UDSA Forest Service, Region 6, Fiscal and Accounting Management Office, Portland, OR.

Oregon County Analyses

TABLE 22- Oregon county acreages and millage rates

County	Total county acreage	Acres of NFS lands	Average mill levy
Clackamas	1,202,560	511,044	17.50 mills
Deschutes	1,958,250	979,128	14.00 mills
Klamath	3,936,300	1,729,169	11.25 mills
Lane	2,950,400	1,320,673	17.50 mills
Wallowa	2,017,700	1,142,595	16.50 mills

Clackamas County

Location: northwestern Oregon.

Average NFS lands in this county would fall into the FC forest land classification. Mt. Hood NF falls primarily in land value zone B and the Willamette NF falls primarily in land value zone C. Using a weighted average of the 1982 and 1983 forest land values, (refer to table 23), the calculation of the 1983 property tax on NFS lands would be:
1) Mt. Hood NF- 510,188 acres X $261.75/acre X 0.0175 = $2,336,980;
2) Willamette NF- 856 acres X $229/acre X 0.0175 = $3,430;
Total in property taxes = $2,340,410.

In addition to the property taxes, an estimated $2,237,382 would have been collected in severance taxes on Federal timber (see table 21). The grand total in taxes would be $4,577,792.

The Timberline ski area on Mt. Hood is assessed on a cost approach.

Deschutes County

Location: northeastern Oregon, bordering on the Cascades mountain range.

National forest systems lands in Deschutes County might be classified either as designated forest land or as rangelands. They would not be taxed as both. The 1983 designated forest land value for all of eastern Oregon was $26.08. The calculation of the 1983 property tax on NFS lands (if assessed at $26.08) would be:
979,128 acres X $26.08/acre X 0.014 = $357,499 in property taxes.

In addition, an estimated $386,104 in severance taxes would be paid on NF timber by the operator. The total paid to the county would have been $743,603 (see table 21).

Mt. Bachelor ski area lies on NFS land in Deschutes County. The ski area is taxed on a cost approach.

Klamath County

Location: eastern Oregon.

All privately owned designated forest land in eastern Oregon was assessed at $26.08 in 1983. In addition to the designated forest land, Klamath County has acreage classified under the Old Reforestation Lands Act, a law passed in 1977. These lands are currently assessed at 35 percent of the designated forest land value of $26.09, which equals $9.13. The full assessed value (for 1983, $26.08) will not be realized for 20 years (1978-98). In addition to forested lands, there are considerable acreages classified as rangeland for farm use. An average grazing land assessed value is $10 per acre. NFS lands might be assessed as designated forest land or rangeland. They would not be taxed for both uses. The calculation of 1983 property taxes on NFS lands if classified as designated forest land at $26.08 per acre would be:
1,729,169 acres X $26.08/acre X 0.01125 = $507,338 in property taxes.

In addition, an estimated $1,159,725 in severance taxes would be paid by the operator on Federal timber removed in calendar year 1983 (see table 21). The grand total paid to the county would have been $1,667,063.

TABLE 23- Forest land values, Clackamas County (calendar year values)

	Value according to land value zones			
Designated forest land	A	B	C	D
FC value 1982 (3 months)	$453.00	$378.00	$331.00	$406.00
FC value 1983 (9 months)	267.00	223.00	195.00	240.00
Weighted average for Forest Service FY 1983 value:	313.50	261.75	229.00	281.50

Lane County

Location: western Oregon.

National Forest System lands in this county would be classified as designated forest land. Many NFS lands would be classified as FB forest lands. Because these values are determined by the calendar year (January-December), a weighted average was used to determine the value of the FB class for the Forest Service's fiscal year 1983. The FB 1982 value was used for 3 months and the FB 1983 value was used for 9 months. Table 24 lists the weighted average values for Forest Service fiscal year 1983. The calculation of a 1983 property tax on NFS lands would be:

1) Siuslaw NF. Most of this forest falls in land value zone A. The weighted value for forest land FB class, land value zone A, is $324.75: 2,552 acres X $324.75/acre X 0.0175 = $1,378,453 in property taxes.

2) Umpqua NF. This forest lies in land value zones A, E, and G. A simple average of these three land value zones in the weighted FB forest land class is equal to $298.08: 107,104 acres X $298.08/acre X 0.0175 = $558,697 in property taxes.

3) Willamette NF. Most of this forest falls in land value zone F. The weighted value for forest land FB class, land value zone F, is $272.25: 971,017 acres X $272.25/acre X 0.0175 = $4,626,289 in property taxes.

The total in property taxes for the three National Forests would be equal to $6,563,439. In addition, the 6.5-percent severance tax would be levied against any timber removed from these lands. This severance tax is currently levied against private timber only, it is not levied against Federal timber. The estimate of severance taxes that would have been paid by the operator on Federal timber in 1983 is $4,219,809 (see table 21 for an explanation of the calculation of this figure). The combination of the property taxes and the severance tax paid to the county would have been equal to a grand total of $10,783,248 in tases for 1983.

This very large county is dependent on the timber industry. A continued decline in property values over the past several years reflects the lack of recovery. There is a statewide increase limit of 6 percent on the current property tax base. The steady upward trend in the mill levy is the result of the current downward trend in land values. Voters may approve a greater than 6-percent increase, if they so desire, to offset the drop in severance tax collections. In reality, there has been very little, if any, increase in recent years because of the drop in property values.

Wallowa County

Location: eastern Oregon.

NFS lands in Wallowa County would be assessed either as designated forest land at $26.08 per acre or as rangeland at an average of $18 per acre. The calculation of the 1983 property tax on these NFS lands would be (assuming that 70 percent of the NFS lands would be assessed as designated forest land (DFL) and the remaining 30 percent would be assessed as rangeland):
799,817 acres X $26.08/acre X 0.0165 = $344,177 in designated forest land taxes and
342,778 acres X $18/acre X 0.0165 = $101,805 in rangeland taxes, for a total of $535,253 in property taxes.

In addition, an estimated $101,805 in severance taxes would have been levied against Federal timber removed in calendar year 1983, payable by the timber operator (see table 21). The grand total would be $637,058 in taxes paid to the county.

Washington State Tax Laws

Washington revised its forest land assessment procedure as of June 1984. There is now one forest tax law. Prior to June 1984, there were two forest tax laws. The Reforestation Act of 1931 directed that all western Washington forest lands classified under this law be assessed at $16 per acre and eastern Washington forest lands were assessed at $8 per acre. In addition, a 12.5-percent yield tax was levied on all timber removed from these lands. There are approximately 500,000 acres currently assessed under this law. Lands under this law will be phased out over a period of 10 years and will be reassessed as all other forest land in Washington under the new law.

TABLE 24- Forest land values, Lane County
(calendar year values)

	Value according to land value zones			
Designated forest land	A	B,C,D,E	F,G	H
FB value 1982 (3 months)	$453.00	$415.00	$378.00	$518.00
FB value 1983 (9 months)	282.00	258.00	237.00	324.00
Weighted average for Forest Service FY 1983 value:	324.75	297.25	272.25	372.50

Officially, as of June 1984, the reforestation classification no longer existed.

The 1971 Forest Excise Tax law consists of a bare land tax and a 6.5-percent yield tax. An amendment in 1982 extended the 6.5-percent yield tax to timber removed from State and Federal lands. There is one difference between the yield tax levied on private versus public timber. The yield tax levied on private timber is based on the published stumpage value. The yield tax levied on public timber is based on the actual transaction price. The bare land values for these lands are set annually by the Washington Department of Revenue (DOR); the land grading system was devised by the Washington Department of Natural Resources (DNR). These forest land values became part of this law in 1981. Using 1981 as a base year, the forest land values have been adjusted annually using a formula that approximates the long-term trend in timber values. Table 25 lists the DNR land grades and the DOR bare land values for 1983. A forest land tract must be greater than 20 acres to qualify for the Forest Excise Tax law. Currently, there are 6.4 million acres classified under the 1971 law.

The revised law, Engrossed Senate Bill 4421, is similar to the 1971 Forest Excise Tax law. Owners of forest lands will pay an annual property tax on bare land values only. The current 6.5-percent yield tax will be reduced over a period of 4 years to 5 percent. The 5-percent yield tax will be assessed on all harvested timber, payable by the operator. As of October 1, 1984, each county has enacted a 4-percent timber tax. The State of Washington will collect a 1-percent yield tax. The yield tax will be collected and distributed by the department of revenue to the counties and State on a quarterly basis. The counties will receive their full 4-percent share collected on behalf of their county, less each county's proportionate share of the Department's administrative costs. The timber tax distribution account became effective as of the first quarter of the 1985 calendar year.

Under the new forest tax law, distributions to local taxing districts and schools will be based on a timber assessed value (TAV) that will be computed annually for each county and each taxing district within the county. Priorities will also be set for distribution, with bond levies, building fund levies, and schools receiving first priority for the available tax revenue.

Some forest land may be classified under one of the three open-space classes, specifically the timberland class. A forest land tract as small as 5 acres may be assessed under this classification. The same DOR forest land values apply to these lands. The two other open-space classes are the open-space agriculture class and the open-space open-space class (includes recreational and nonproductive lands). Application for private land to be assessed under either the open-space timberland or open-space open-space class is made to the county board of commissioners. Application to the open-space agriculture classification is made to the county assessor. The open-space assessed values are considerably lower than the market (true cash) values of these lands.

There are some 3 million acres of State-owned land in Washington. Any revenues collected from these lands are distributed for use on grant lands in each county. These grant lands include hospitals, universities, and similar institutions.

TABLE 25- State of Washington 1983 Forest land values[1]

DNR land grading system[2]		
DNR land grade	Operability grade	DOR Bare land value ($/acre)
1	1	159
	2	154
	3	147
	4	107
2	1	132
	2	128
	3	124
	4	90
3	1	105
	2	104
	3	97
	4	74
4	1	78
	2	76
	3	74
	4	58
5	1	57
	2	54
	3	52
	4	35
6	1	30
	2	29
	3	29
	4	25
7	1	14
	2	14
	3	13
	4	13
8 (Nonproductive land)		1

[1]Source: State of Washington, Department of Revenue, Forest Tax Section.

[2]The above forest land values were determined in accordance with RCW 84.33.120. Grades 1 through 5 are predominantly western Washington lands. Grades 6 and 7 are predominantly eastern Washington lands.

State forest land is taxed the same as other private forest land under the revised 1984 law, Senate Bill 4421 (bare land and yield tax).

Most NFS lands would be assessed under the new bare land and yield tax law. Some NFS lands, particularly in eastern Washington, might be assessed as agricultural lands under an open-space class. NFS lands used strictly for recreation purposes might be assessed under the open-space open-space class. Table 26 lists the NFS acreages in five Washington counties.

Washington County Analyses

TABLE 26- Washington county acreages and and millage rates

County	Total county acreage	Acres of NFS lands	Average mill levy
Grays Harbor	1,222,400	160,329	11.08 mills
King	1,365,760	334,653	10.00 mills
Okanogan	3,360,000	1,499,462	11.00 mills
Skamania	1,118,100	814,468	9.50 mills
Stevens	1,595,740	224,663	10.00 mills

Grays Harbor County

Location: western Washington.

Most NFS lands would assessed under the new forest tax law, Engrossed Senate Bill 4421. An estimated average assessed value for these lands would be $129 per acre; this value is the 2-2 class of the DNR forest land values. The true cash value of these lands would be approximately $600-$800, per acre, according to the county assessor. The calculation of the 1983 property tax on NFS lands using the 2-2 class value of $129 per acre would be:
160,329 acres X $129/acre X 0.01108 = $229,161 in property taxes.

Some acres of NFS lands that are used predominantly for recreation might be classified under the open-space open-space class. The assessed value of these lands is approximately 27 percent of their true cash value.

King County

Location: west-central Washington, including the Seattle metropolitan area.

National Forest System lands would be classified under Engrossed Senate Bill 4421 (the new bare land and yield tax bill). An estimated average assessment of all NFS lands in this county would be $85 per acre. Privately owned forest lands fall under land classes 2-1 down to class 8 (nonproductive land). (See table 25 for forest land values.) The calculation of the 1983 property tax on NFS lands would be:
334,653 acres X $85/acre X 0.010 = $284,455 in property taxes.

Private lands classified in the open-space open-space class (recreation) are assessed at 50 percent of their true cash value. There is a penalty assessed if these lands are converted to some other use that is not compatible with the open-space classification. The county does receive any penalty money collected.

Okanogan County

Location: eastern Washington.

Many NFS lands would be assessed at $25 per acre; this value is the 6-4 class value of the DNR's forest land values. This $25 per acre value is approximately 13 percent of the true cash value of these lands, according to the county assessor. Some NFS lands might be classified under the open-space agriculture classification. The current use value of comparable privately owned lands assessed under this classification is $4 to $5 per acre. The calculation of the 1983 property tax on NFS lands, if assessed as forest lands at $25 per acre would be:
1,499,462 acres X $25/acre X 0.011 = $412,352 in property taxes.

Some Washington counties, including Okanogan County, currently report a very small taxable base.

Skamania County

Location: western Washington.

An average assessment of NFS lands would fall under the 3-3 DNR forest land value class of $97 per acre, according to county personnel. The calculation of a 1983 property tax on NFS lands assessed under this classification system would be:
814,468 acres X $97/acre X 0.0095 = $750,532 in property taxes.

In this county, only 8 percent of all private property is assessed at its full market value. All other lands are federally or State-owned, or are privately owned lands assessed under an open-space classification, such as camps.

Stevens County

Location: eastern Washington.

An average assessment of NFS lands classified under the DNR forest land values is $30 per acre, which is the value for the 6-1 class. The calculation of the 1983 property tax on NFS lands would be: 224,663 acres X $30/acre X 0.010 = $67,399 in property taxes. Most NFS lands in this county are used predominantly for growing and harvesting timber.

III. RESULTS AND DISCUSSION

The results and discussion section is divided into two parts. The first part presents the results of calculating NFS payments for the 40 counties under the present receipt sharing program and under the proposed tax equivalency program with the guaranteed floor, and without the floor level payments. The second part discusses the impact of the combined NFS and BLM PILT payments on counties under the current NFS program and under a USDA Forest Service tax equivalency program. The Payment in Lieu of Taxes Act would remain the same; the adoption of a tax equivalency program on NFS lands may affect the amount of money that a county receives from BLM in their PILT payments.

Comparison of Forest Service Payments to Counties

Table 27 summarizes the 1983 USDA Forest Service payments under the current receipt sharing system and what they would be under the assumed tax equivalency system. The results are displayed both with the floor level, as described in item four of the study plan, and without the guaranteed floor payments.

Under the current 25-percent receipt sharing program, those counties containing NF's where large volumes of timber are cut (large revenue producing NF's) receive the largest checks from the National Forest Fund. Those counties containing NF's where recreation, wildlife, and wilderness uses predominate (low revenue producing NF's) receive the smallest payments. The former counties are concentrated in western Oregon, western Washington, northern California, central Georgia, and Louisiana. The latter are located primarily in Colorado, Idaho, and Michigan. Currently, the States of California, Oregon, and Washington receive approximately 75 percent of all the 25-percent moneys distributed to some 630 counties each year.

The trends in counties' payments under tax equivalency without a floor payment are exactly reversed for many counties. Most counties in Oregon, Washington, California, and Louisiana would receive a much smaller amount under this program. These States have special assessment laws for forest land, all of which give preferential treatment to forest property compared to residential property. The one exception is Los Angeles County in California, which contains the metropolis of Los Angeles. Because of the predominance of urban lands and the lack of harvesting activity on the NF's, Los Angeles County receives more under the tax equivalency program than under the 25-percent receipt sharing program. Additionally, it should be noted that some Oregon counties have relatively similar 25-percent and tax equivalency payments. This is a result of the application of the western and eastern Oregon severance taxes to Federal timber under tax equivalency. Of the study States that currently have a yield or severance tax, Oregon is the only State that does not levy this tax on Federal timber.

All counties in Colorado and Michigan receive greater payments under a tax equivalency program without a floor. In Georgia and Idaho, some counties are better off under the tax equivalency program, and some are better off with the present system.

The millage rates used in calculating the tax equivalency payments are an average of all levies in each county, including cities. The exception is Oregon. The millage rates for Oregon represent the average for forest and remote lands only. The average rate for the other States is on the high side because most national forests are not adjacent to a major city.

Regarding the tax equivalency with floor option program, the floor payments were calculated by averaging the 25-percent payments for the past 7 years (1977-83), inflated into 1983 dollars (see appendix A). The actual payment received in 1983 under this program (the original proposal) would be the greater of column 5 or column 7 in table 27. Column 5 is the tax equivalency payment without a floor level for each county, and column 7 is the floor payment.

Some States would benefit from the floor payments above and beyond either the actual 1983 25-percent payments or the estimated tax equivalency payments. This is true for all counties in California, Oregon, and Washington. There are two reasons for these high floor payments. The first reason is that the highest values (a combination of volumes and stumpage prices) for timber harvested were during the years 1977-79. Secondly, the application of the GNP inflators to these values substantially increases the calculated averages for the 7-year period. In addition, two amendments were made to the 1908 receipt sharing act in 1976 to include Knutson-Vandenberg Act reforestation funds and road purchaser credits as receipts to the Forest Fund. Generally speaking, all 25-percent payments increased from fiscal year 1976 to fiscal year 1977.

Under a tax equivalency program with the prescibed floor level, some counties would receive their highest payment under tax equivalency (column 5) and some from the floor payment (column 7). All counties in Colorado and Michigan would benefit greatly by receiving the tax equivalency payments. Of the States studied, Michigan would receive the greatest benefits from switching from the present system to a tax equivalency program. In Georgia and Idaho, some counties' highest payments would be the tax equivalency, and some would be the floor payment. California, Louisiana, Oregon, and Washington would lose considerable Federal moneys under a straight tax equivalency program, and therefore, would receive the floor payments. The States of California and Washington would sustain the greatest losses.

TABLE 27-Comparison of 1983 payments to counties by the Forest Service under the present receipt sharing system and under a tax equivalency program without and with the guaranteed payment floor
(All payments except per acre payments in thousands of dollars)

(1) State and county or parish	(2) Total acres of NFS lands	(3) NFS 25% payments made in 1983	(4) 25% per acre payment	(5) Est. 1983 tax equiv. payment w/o floor	(6) W/o floor per acre payment	(7) Floor pymts = averaged 25% pymts in 1983 $	(8) Pymt rec'd under tax eq. w/floor, Col.5 or 7	(9) W/ floor per acre payment
California	3,141,530	$6,482.61	$2.06	$1,692.49	$0.54	$8,178.50	$8,178.56	$2.60
Butte	131,211	591.88	4.51	74.21	0.57	636.93	636.93	4.85
Humboldt	335,191	964.30	2.88	270.83	0.81	1,595.31	1,595.31	4.76
Los Angeles	651,036	148.60	0.23	167.71	0.26	147.65	167.71	0.26
Plumas	1,133,383	3,973.50	3.51	641.04	0.57	4,847.84	4,847.84	4.28
Tulare	890,709	804.33	0.90	538.70	0.60	930.77	930.77	1.04
Colorado	2,582,747	350.74	0.14	838.19	0.32	344.46	838.19	0.32
Larimer	623,134	80.97	0.13	188.44	0.30	76.58	188.44	0.30
Mesa	545,679	68.08	0.12	174.56	0.32	77.23	174.56	0.32
Park	651,354	67.42	0.10	169.81	0.26	54.03	169.81	0.26
Pitkin	487,056	116.97	0.24	160.73	0.33	100.72	160.73	0.33
Rio Grande	275,524	17.30	0.06	144.65	0.52	35.90	144.65	0.52
Georgia	217,139	650.48	3.00	819.75	3.78	598.54	945.47	4.35
Fannin	107,173	68.31	0.64	393.33	3.67	63.92	393.33	3.67
Greene	26,552	140.57	5.29	132.76	5.00	130.09	132.76	5.00
Jasper	32,241	170.69	5.29	120.90	3.75	144.25	144.25	4.47
Jones	16,570	87.72	5.29	99.75	6.02	84.90	99.75	6.02
Putnam	34,603	183.19	5.29	73.01	2.11	175.38	175.38	5.07
Idaho	5,473,516	2,567.58	0.47	3,696.54	0.68	4,625.19	5,584.12	1.02
Blaine	489,203	47.92	0.10	246.12	0.50	52.10	246.12	0.50
Boise	872,632	139.28	0.16	498.01	0.57	554.42	554.42	0.64
Clearwater	807,678	655.93	0.81	837.40	1.04	1,085.17	1,085.17	1.34
Custer	2,120,359	69.65	0.03	884.61	0.42	119.70	884.61	0.42
Shoshone	1,183,644	1,654.80	1.40	1,230.40	1.04	2,813.80	2,813.80	2.38

continued

TABLE 27- Comparison of 1983 payments to counties by the Forest Service under the present receipt sharing system and under a tax equivalency program without and with the guaranteed payment floor--continued
(All payments except per acre payments in thousands of dollars)

(1) State and County or Parish (column 1)	(2) Total acres of NFS lands	(3) NFS 25% payments made in 1983	(4) 25% per acre payment	(5) Est. 1983 tax equiv. payment w/o floor	(6) W/o floor per acre payment	(7) Floor pymts = averaged 25% pymts in 1983 $	(8) Pymt rec'd under tax eq. w/floor, col.5 or 7	(9) W/ floor per acre payment
Louisiana	492,886	3,193.55	6.48	554.02	1.12	2,738.37	2,738.37	5.56
Grant	140,337	909.28	6.48	196.47	1.40	777.98	777.98	5.54
Natchitoches	128,886	835.09	6.48	136.62	1.06	713.35	713.35	5.53
Rapides	101,221	655.84	6.48	110.33	1.09	566.67	566.67	5.60
Webster	12,071	78.21	6.48	9.05	0.75	67.10	67.10	5.56
Winn	110,371	715.13	6.48	101.54	0.92	613.27	613.27	5.56
Michigan	733,796	217.97	0.30	3,230.13	4.40	235.68	3,230.13	4.40
Alger	115,369	29.42	0.25	346.11	3.00	33.14	346.11	3.00
Delta	241,527	61.59	0.25	696.20	2.88	69.06	696.20	2.88
Newaygo	108,506	41.54	0.38	699.86	6.45	45.22	699.86	6.45
Oscoda	146,141	54.25	0.37	920.69	6.30	53.62	920.69	6.30
Schoolcraft	122,253	31.17	0.25	567.27	4.64	34.64	567.27	4.64
Oregon[1]	5,682,609	29,960.72	5.27	10,303.94	3.24	44,251.08	44,251.08	7.79
Clackamas	511,044	3,673.92	7.19	2,340.41	8.96	5,631.68	5,631.68	11.02
Deschutes	979,128	4,529.20	4.63	357.50	0.76	4,579.02	4,579.02	4.68
Klamath	1,729,169	7,566.55	4.38	507.34	0.96	8,573.80	8,573.80	4.96
Lane	1,320,673	13,090.19	9.91	6,563.44	8.16	23,918.29	23,918.29	18.11
Wallowa	1,142,595	1,100.86	0.96	535.25	0.56	1,548.29	1,548.29	1.36
Washington	3,033,575	7,487.91	2.47	1,743.90	0.57	12,372.24	12,372.24	4.08
Grays Harbor	160,329	344.69	2.15	229.16	1.43	792.30	792.30	4.94
King	334,653	988.05	2.95	284.46	0.85	1,517.08	1,517.08	4.53
Okanogan	1,499,462	1,290.24	0.86	412.35	0.27	1,625.31	1,625.31	1.08
Skamania	814,468	4,624.04	5.68	750.53	0.92	8,047.84	8,047.84	9.88
Stevens	224,663	240.89	1.07	67.40	0.30	389.71	389.71	1.73

[1]Tax equivalency payments do not include $8,104,820 in Oregon severance taxes that are not currently levied on federal timber. Refer to table 21 for an explanation of this severance tax.

This is a result of these States' forest tax laws and/or the emphasis placed on the property tax as a means of raising public revenues. However, the losses from the FS could very well be made up for by a change in voter approved levies or by the States' governments.

Tax equivalency with a floor payment does not guarantee a loss below the actual 1983 25-percent payment. This is the case with all five Louisiana parishes and three Georgia counties. In 1983, these eight counties received the largest payments under the current 25-percent receipt sharing program. These counties would incur a loss under a tax equivalency system, with or without the floor payments.

Comparison of Forest Service and BLM payments to Counties

Counties with NFS lands receive Federal moneys under both the USDA Forest Service 25-percent receipt sharing program and under the USDI Bureau of Land Management PILT program. Section 6902 of PILT authorizes payments to local units of government (usually counties) under one of two alternatives based on the number of acres of entitlement lands within the county. Entitlement lands include NFS and NPS lands, lands administered by the BLM, lands dedicated to the use of Federal water resource development projects (Bureau of Reclamation), and a few specific acres administered by the Army Corps of Engineers and the FWS. Appendix B lists the total acres of entitlement lands in each study county and the 1977-83 PILT section 1 payments for these lands. The act specifically prohibits payments for tax-exempt lands acquired from State and local governments (except donated lands).

The amount paid to the counties under this act is the higher of: a) Option A - $0.75 per acre of entitlement lands minus partial amounts of other Federal land payments that were received by the county in the preceding fiscal year (including varying portions of the FS's 25-percent payments), or b) Option B - a straight $0.10 per acre of entitlement lands. Both alternatives are subject to a ceiling based on the population within the unit of government (in this study, counties). The ceiling is based on a sliding scale, starting at $50 per capita (population under 5,000) and rising to a maximum of $1 million. The $1 million payment is based on a population of 50,000 or greater with a per capita payment of $20 up to the firs 50,000 people in the county's population.

Under the present PILT and 25-percent receipt sharing programs, most counties in Oregon, western Washington, northern California, Idaho, and Louisiana now receive the minimum $0.10 per acre or the population ceiling payment, whichever is the lesser amount, from the BLM. All counties in Colorado, Michigan, and some Georgia counties now receive PILT payments based on Option A - the $0.75 per acre minus the portions of the 25-percent receipt sharing payment that go towards county roads and bridges.

Table 28 summarizes the total 1983 payments by BLM and the Forest Service under the current system and under a tax equivalency program with or without a floor. This further analysis compares the total additional spendings or savings by the Federal Government (BLM and Forest Service).

There are several key assumptions that facilitate the understanding of the figures in table 28:

1. All NFS lands currently listed as entitlement lands with the BLM would retain this status for calculating the PILT payments (given that these entitlement lands might also be listed on counties' ad valorem tax rolls).
2. The 94.23-percent prorated status of the 1983 PILT payments remains the same for all calculations. A determination of any change in the prorated percent would necessarily be based on a study of all affected counties (Congress annually appropriates funds for the PILT payments; the appropriated funds do not always cover 100 percent of the PILT payments).
3. The guidelines for options A and B and the population ceiling found in the Payment in Lieu of Taxes Act would remain the same under a tax equivalency program.
4. 100 percent of all tax equivalency payments would be deducted from the PILT payments. This is not the case with the present 25-percent receipt sharing payments. Table B-3 in appendix B lists the portions of the 25-percent payments that are currently subtracted from the PILT payments (the portion allocated to roads). Portions of the 25-percent payments going to schools are not subtracted out, when the school is not considered to be a unit of local government in that State. This is the case in all eight States sampled. The previous year's portion of the 25-percent FS payment is subtracted from the current year's PILT payment; in other words, in calculating the 1983 PILT payments for the Michigan counties under option A, an amount equal to 25 percent of the 1982 FS 25-percent receipt sharing payments was subtracted from the BLM PILT payments for each county.

A comparison of the total 1983 PILT and 25-percent payments with the total PILT and tax equivalency payments reveal similar trends to those found in table 27. The counties that benefit under a tax equivalency without a floor program (table 27) also benefit in total payments (table 28). The outstanding exception is the State of Colorado. The Colorado counties' total payments remain virtually the same under the present system, or under the tax equivalency program, with or without the floor level payments. These counties actually lose Federal moneys under the tax equivalency program. This result occurs because the Colorado counties remain under option A of PILT for both programs. The increases in the tax equivalency payments are lost when subtracted from the PILT payments.

TABLE 28- Comparison of total payments to counties by the BLM and Forest Service under the present system and under a tax equivalency program without and with a floor payment (includes PILT)[1] (All payments except per acre payments in thousands of dollars)

(1) State and county or parish	(2) Total acres of NFS lands	(3) Total 1983 PILT and 25% pymts.	(4) Column 3 per acre payment	(5) 1983 PILT and tax eq. w/o floor	(6) Column 5 per acre payment	(7) 1983 PILT and tax eq. with floor	(8) Column 7 per acre payment
California	3,141,530						
Butte	131,211	$606.08	$4.62	$130.38	$0.99	$651.12	$4.96
Humboldt	335,191	1,008.30	3.00	314.79	0.94	1,639.27	4.89
Los Angeles	651,036	593.60	0.91	546.78	0.84	546.78	0.84
Plumas	1,133,383	4,082.40	3.60	885.16	0.78	4,956.71	4.37
Tulare	890,709	1,458.83	1.64	920.98	1.03	1,073.77	1.21
Colorado	2,582,747						
Larimer	623,134	586.37	0.94	571.14	0.92	571.14	0.92
Mesa	545,679	703.68	1.29	702.55	1.29	702.55	1.29
Park	651,354	256.12	0.39	237.39	0.36	237.39	0.36
Pitkin	487,056	362.17	0.74	327.12	0.67	327.12	0.67
Rio Grande	275,524	213.60	0.78	220.39	0.80	220.39	0.80
Georgia	217,139						
Fannin	107,173	117.51	1.10	403.43	3.76	403.43	3.76
Greene	26,552	143.07	5.39	135.27	5.09	135.27	5.09
Jasper	32,241	173.19	5.37	123.44	3.83	146.79	4.55
Jones	16,570	189.32	11.43	101.31	6.11	101.31	6.11
Putnam	34,603	186.39	5.39	76.26	2.20	178.63	5.16
Idaho	5,473,516						
Blaine	489,203	346.42	0.71	369.20	0.75	369.20	0.75
Boise	872,632	224.18	0.26	582.86	0.67	639.27	0.73
Clearwater	807,678	735.83	0.91	917.31	1.14	1,165.08	1.44
Custer	2,120,359	229.15	0.11	1,044.09	0.49	1,044.09	0.49
Shoshone	1,183,644	1,770.00	1.50	1,345.61	1.14	2,929.01	2.47

continued

[1]Refer to figure 2 for a guide to calculating these payment figures.

TABLE 28- Comparison of total payments to counties by the BLM and Forest Service under the present system and under a tax equivalency program without and with a floor payment (includes PILT)--continued
(All payments except per acre payments in thousands of dollars)

(1) State and county or parish	(2) Total acres of NFS lands	(3) Total 1983 PILT and 25% pymnts.	(4) Column 3 per acre payment	(5) 1983 PILT and tax eq. w/o floor	(6) Column 5 per acre payment	(7) 1983 PILT and tax eq. with floor	(8) Column 7 per acre payment
Louisiana	492,886						
Grant	140,337	$922.48	$6.57	$268.75	$1.92	$791.13	$5.64
Natchitoches	128,886	847.19	6.57	243.70	1.89	239.94	1.86
Rapides	101,221	665.34	6.57	193.63	1.91	576.17	5.69
Webster	12,071	80.01	6.63	23.40	1.94	68.94	5.71
Winn	110,371	725.53	6.57	208.60	1.89	623.67	5.65
Michigan	733,796						
Alger	115,369	110.02	0.95	357.58	3.10	357.58	3.10
Delta	241,527	170.59	0.71	712.21	2.95	712.21	2.95
Newaygo	108,506	78.24	0.72	706.03	6.51	706.03	6.51
Oscoda	146,141	86.25	0.59	927.18	6.34	927.18	6.34
Schoolcraft	122,253	91.17	0.75	576.01	4.71	576.01	4.71
Oregon[2]	5,682,609						
Clackamas	511,044	3,722.12	7.28	2,388.56	4.67	5,679.83	11.11
Deschutes	979,128	4,665.70	4.77	1,724.56	1.76	4,714.54	4.82
Klamath	1,729,169	7,767.65	4.49	2,281.70	1.32	8,774.91	5.07
Lane	1,320,673	13,219.39	10.01	8,301.00	6.29	24,047.50	18.21
Wallowa	1,142,595	1,210.46	1.06	688.04	0.60	1,657.91	1.45
Washington	3,033,575						
Grays Harbor	160,329	360.09	2.25	244.52	1.53	807.66	5.04
King	334,653	1,019.45	3.05	448.86	1.34	1,548.44	4.63
Okanogan	1,499,462	1,436.94	0.96	559.09	0.37	1,772.05	1.18
Skamania	814,468	4,699.94	5.77	1,917.17	2.35	8,123.73	9.97
Stevens	224,663	313.49	1.40	127.40	0.57	413.31	1.84

[2]Tax equivalency payments (columns 5 and 7) do not include Oregon severance taxes that are not currently levied on federal timber. The amounts listed are the costs to the Federal Government only.

1. Base 1983 PILT payments=

   nonprorated 1983 PILT payments (payments ÷ 0.9423) plus the county specific portion of the 1982 25-percent payments that was subtracted from PILT for county road use (refer to appendix D).

2. Total 1983 PILT and 25 percent payments=

   1983 PILT payment plus the 1983 25-percent Forest Service payment.

3. Total 1983 PILT and tax equivalency without floor payments=

   Base PILT payment (see #1) minus 100 percent of the tax equivalency payments multiplied by 0.9423 plus the tax equivalency payment (This is the option A method of PILT),

   or

   10 cents per acre multiplied by 0.9423 plus the tax equivalency payment (This is the option B method of PILT),

   whichever is the greater total amount.

4. Total of 1983 PILT and tax equivalency with floor payments=

   Base PILT payment minus 100 percent of the tax equivalency with floor payment (the greater of column 4 or 6 on Table I) multiplied by 0.9423 plus the tax equivalency with floor payment (using option A method of PILT),

   or

   10 cents per acre multiplied by 0.9423 plus the tax equivalency with floor payment (using option B method of PILT),

   whichever is the greater total amount.

Figure 2- Guide to calculating the total 1983 Forest Service and Bureau of Land Management payment figures listed in table 28.

Although many counties do receive substantial benefits, almost one-half of the counties sustain losses in their total payments received under a tax equivalency program, either with or without the floor. Counties is this category are found in California (two counties), Colorado (four counties), Georgia (four counties), and Louisiana (all five parishes). The Southern counties have been receiving increasingly higher 25-percent payments over the past 5 years because of increased timber harvesting, and are therefore better off under the present system.

There are two general groups of counties that would prosper under a tax equivalency with a floor program combined with the current PILT program. These counties fall under one of the two following categories: 1) a county receives the minimum $0.10 per acre PILT payment (option B) under both programs (25-percent or tax equivalency payments combined with the PILT payments), and receives large floor payments under the tax equivalency program; or 2) a county changes from option A to option B of PILT because of a large increase in Forest Service payments under a tax equivalency program. The counties that fit into one of these two categories are found in California (three counties), and in Idaho, Michigan, Oregon, and Washington (all five counties each).

IV. CONCLUSIONS

Under the 25-percent receipt sharing program, the FS returned $50,911,560 to the 40 counties in 1983. The tax equivalency payments without a floor came to a total of $22,879,920. Under tax equivalency with a guaranteed floor (a combination of tax equivalency and averaged 25-percent payments in 1983 dollars), payments would have totaled $78,138,160. The figures indicate that the provision of the floor payments in the original proposal for a tax equivalency program fails to meet the first and fourth effects of the proposal. These two intended effects were to provide for a more equitable distribution of the property tax burden to all property owners and to remove the present disincentive to Federal investments. The total floor payments are high because of the inclusion of the three Pacific Coast States in the study. As previously mentioned, these three States receive 75 percent of all 25-percent payments. Additionally, some States, such as Michigan and Colorado, receive many times greater payments under a tax equivalency system because of their relatively high property taxes.

The trends in the total FS and BLM payments calculated under columns 3, 5, and 7 of table 28 are similar to the totals in table 27. Under the

present system with the 25-percent and PILT payments, the cost to the BLM and Forest Service for the NFS lands totaled $56,178,260 in 1983. The tax equivalency without a floor and PILT payments totaled $32,853,450 for 1983. The tax equivalency with floor and PILT payments totaled $81,157,060 for 1983. Even though many counties lose Federal moneys under a tax equivalency (with or without a floor level) and PILT program, the trend in higher total Federal payments under a tax equivalency with floor program remains so because of the large payments to the Pacific coastal counties. Their PILT payments remain the same; the Forest Service payments increase by a large amount due to the floor payments. Therefore, the third intended effect of the tax equivalency proposal is not met. Given the sample of counties in this study, the same counties who receive the major portion of moneys under the current system also receive a disproportionate share under a tax equivalency with floor and PILT program; Michigan is the one exception.

Total Federal expenditures (BLM and FS) under a USDA Forest Service tax equivalency with floor program would have increased by $24,978,800 for fiscal year 1983. Total Federal expenditures under a tax equivalency program without a floor would have declined by $23,324,810.

A determination of the total immediate additional savings or spendings by the FS and/or the PILT program must be based on a larger sampling of States or possibly all States. A determination of the total future savings or spendings by the FS will depend on several factors, primarily on stumpage prices and harvesting activity.

There were several concerns voiced consistently by State and county personnel. One concern is how wilderness or recreation lands would be assessed. Two suggestions are to tax these lands on a potential income approach based on willingness-to-pay values, or on a cost approach based on expenditures by the FS for the public's use of these lands. One other possible consideration is the use of PILT payments. PILT payment computations could be retained for all nonproducing Federal lands such as designated wilderness areas and National Recreation areas. PILT payments would not be retained for nonrestricted use NFS lands.

The second concern is whether the Federal Government or the county governments would incur the costs of an initial assessment on all NFS lands. One county assessor in Colorado reassessed private lands (30 percent of the county) in 1983 at a cost of $550,000. Another assessor estimated a cost to the county of $500,000 annually for 10 years to complete an assessment of all NFS lands. Some NF personnel have completed dual assessments of their NF's based on the FS's productivity classification system and on the individual State's tax laws. In these cases, cooperation between NF's staffs and county personnel could greatly reduce the initial assessments costs.

The third concern is over the variation of tax policy on forest land in different States and counties. Similar lands in different States or counties would be assessed at different values and subsequently, tax equivalency payments would vary on these lands. States and counties collect revenues through varying tax systems. Some emphasize the property tax whereas others emphasize sales, excise, or other taxes. Under the current proposal, national forests would be subject to individual State tax laws and individual county mill levies. There is considerable debate as to the "fairness" of various types of property taxes. One method of taxation may be considered to be regressive, while another may be more progressive or at least proportional.

There may yet be other methods of Federal compensation to States and counties that would be conducive to promoting the intended equitable tax burden effect. Based on the premise that the Federal lands belong to the public in toto, a method similar to that currently in use for the Minnesota counties that contain Boundary Waters Canoe Area (BWCA) acreages might better provide for a more uniform treatment of all NFS lands. The Forest Service pays these Minnesota counties an annual payment of three-fourths of 1 percent of the appraised (true cash) value of these lands. Forest Service personnel are responsible for a new appraisal every 10 years on these federally owned lands. Under a similar system, all NFS lands could be appraised at fair market value and assessed a tax in the amount of a set percent or some fraction of 1 percent.

Possible future analyses might include: 1) applying the method currently used in the three Minnesota counties containing BWCA acreages to all study counties (refer to page 4, Act of June 22, 1948, 16 U.S.C. 577g-1); 2) extending the sampling of counties to all States containing NFS lands; and 3) evaluating the incentives for tax structure changes under a tax equivalency program and the potential impacts on public and private landowners.

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APPENDIX A

TABLE A-1 - Implicit price inflator for gross national product (GNP)

	1983 = 100		
Year	GNP Deflator (1972 $)		Price Inflators
1977	140.05	64.95	1.540
1978	150.42	69.76	1.433
1979	163.42	75.79	1.319
1980	178.42	82.74	1.209
1981	195.14	90.50	1.105
1982	206.88	95.94	1.042
1983	215.63	100.00	1.000

Source: Economic Indicators (March 1984). Prepared for the Joint Economics Committee by the Council of Economic Advisors.

TABLE A-2 - NFS payments for 1977-83 and averages in current and 1983 dollars (thousands of dollars)

CALIFORNIA

County	Year	Payment	Inflator	Payment in 1983 $
Butte	1977	$ 604.44	1.54	$ 930.84
	1978	551.68	1.43	788.90
	1979	552.05	1.32	728.71
	1980	571.70	1.21	691.76
	1981	431.89	1.11	479.40
	1982	237.54	1.04	247.04
	1983	591.88	1.00	591.88
	Average	505.88		
	Average in 1983 dollars			636.93
Humboldt	1977	1,557.18	1.54	2,398.06
	1978	1,477.63	1.43	2,113.01
	1979	1,658.07	1.32	2,188.65
	1980	1,288.71	1.21	1,559.34
	1981	1,299.52	1.11	1,442.47
	1982	482.08	1.04	501.36
	1983	964.30	1.00	964.30
	Average	1,246.78		
	Average in 1983 dollars			1,595.31
Los Angeles	1977	110.35	1.54	169.94
	1978	133.11	1.43	190.35
	1979	125.98	1.32	166.29
	1980	58.14	1.21	70.35
	1981	76.20	1.11	84.58
	1982	195.59	1.04	203.41
	1983	148.60	1.00	148.60
	Average	121.14		
	Average in 1983 dollars			147.65
Plumas	1977	4,694.55	1.54	7,229.61
	1978	4,228.81	1.43	6,047.20
	1979	4,755.03	1.32	6,276.64
	1980	4,457.22	1.21	5,393.24
	1981	3,047.54	1.11	3,382.77
	1982	1,569.15	1.04	1,631.92
	1983	3,973.50	1.00	3,973.50
	Average	3,817.97		
	Average in 1983 dollars			4,847.84
Tulare	1977	722.64	1.54	1,112.87
	1978	807.82	1.43	1,155.18
	1979	1,191.79	1.32	1,573.16
	1980	559.61	1.21	677.13
	1981	606.34	1.11	673.04
	1982	499.67	1.04	519.66
	1983	804.33	1.00	804.33
	Average	741.74		
	Average in 1983 dollars			930.77

TABLE A-3 - NFS payments for 1977-83 and averages in current and 1983 dollars (thousands of dollars)

COLORADO

County	Year	Payment	Inflator	Payment in 1983 $
Larimer	1977	$ 81.96	1.54	$ 126.22
	1978	39.46	1.43	56.43
	1979	72.25	1.32	95.37
	1980	46.97	1.21	56.83
	1981	50.91	1.11	56.51
	1982	61.30	1.04	63.75
	1983	80.97	1.00	80.97
Average		61.97		
Average in 1983 dollars				76.58
Mesa	1977	48.76	1.54	75.09
	1978	52.39	1.43	74.92
	1979	57.74	1.32	76.22
	1980	66.97	1.21	81.03
	1981	89.40	1.11	99.23
	1982	63.51	1.04	66.05
	1983	68.08	1.00	68.08
Average		63.84		
Average in 1983 dollars				77.23
Park	1977	31.98	1.54	49.25
	1978	29.59	1.43	42.31
	1979	41.81	1.32	55.19
	1980	43.56	1.21	52.71
	1981	44.34	1.11	49.22
	1982	59.73	1.04	62.12
	1983	67.42	1.00	67.42
Average		45.49		
Average in 1983 dollars				54.03
Pitkin	1977	39.94	1.54	61.51
	1978	76.06	1.43	108.77
	1979	99.78	1.32	131.71
	1980	88.61	1.21	107.22
	1981	85.08	1.11	94.44
	1982	81.16	1.04	84.41
	1983	116.97	1.00	116.97
Average		83.94		
Average in 1983 dollars				100.72
Rio Grande	1977	32.46	1.54	49.99
	1978	22.37	1.43	31.99
	1979	40.48	1.32	53.43
	1980	39.49	1.21	47.78
	1981	29.31	1.11	32.53
	1982	17.57	1.04	18.27
	1983	17.30	1.00	17.30
Average		28.43		
Average in 1983 dollars				35.90

TABLE A-4 - NFS payments for 1977-83 and averages in current and 1983 dollars (thousands of dollars)

GEORGIA

County	Year	Payment	Inflator	Payment in 1983 $
Fannin	1977	$ 39.72	1.54	$ 61.17
	1978	38.23	1.43	54.67
	1979	43.36	1.32	57.24
	1980	61.21	1.21	74.06
	1981	56.38	1.11	62.58
	1982	66.71	1.04	69.38
	1983	68.31	1.00	68.31
Average		53.42		
Average in 1983 dollars				63.92
Greene	1977	60.02	1.54	92.43
	1978	129.68	1.43	185.44
	1979	113.96	1.32	150.43
	1980	96.64	1.21	116.93
	1981	147.12	1.11	163.30
	1982	59.18	1.04	61.55
	1983	140.57	1.00	140.57
Average		106.74		
Average in 1983 dollars				130.09
Jasper	1977	64.97	1.54	100.05
	1978	139.36	1.43	199.28
	1979	123.47	1.32	162.98
	1980	97.86	1.32	129.18
	1981	149.65	1.21	181.08
	1982	59.93	1.11	66.52
	1983	170.69	1.00	170.69
Average		115.13		
Average in 1983 dollars				144.25
Jones	1977	41.14	1.54	63.36
	1978	88.24	1.43	126.18
	1979	77.26	1.32	101.98
	1980	61.50	1.21	74.42
	1981	92.13	1.11	102.26
	1982	36.89	1.04	38.37
	1983	87.72	1.00	87.72
Average		69.27		
Average in 1983 dollars				84.90
Putnam	1977	83.51	1.54	128.61
	1978	179.16	1.43	256.20
	1979	159.91	1.32	211.08
	1980	128.95	1.21	156.03
	1981	191.68	1.11	212.76
	1982	76.69	1.04	79.76
	1983	183.19	1.00	183.19
Average		143.30		
Average in 1983 dollars				175.38

TABLE A-5 - NFS payments for 1977-83 and averages in current and 1983 dollars (thousands of dollars)

IDAHO

County	Year	Payment	Inflator	Payment in 1983 $
Blaine	1977	$ 31.08	1.54	$ 47.86
	1978	38.96	1.43	55.71
	1979	47.50	1.32	62.70
	1980	43.60	1.21	52.76
	1981	45.91	1.11	50.96
	1982	44.97	1.04	46.77
	1983	47.92	1.00	47.92
Average		42.85		
Average in 1983 dollars				52.10
Boise	1977	758.85	1.54	1,168.63
	1978	557.67	1.43	797.47
	1979	543.18	1.32	717.00
	1980	645.66	1.21	781.25
	1981	176.30	1.11	195.69
	1982	78.51	1.04	81.65
	1983	139.28	1.00	139.28
Average		414.21		
Average in 1983 dollars				554.42
Clearwater	1977	1,134.69	1.54	1,747.42
	1978	799.47	1.43	1,143.24
	1979	1,318.77	1.32	1,740.78
	1980	662.07	1.21	801.10
	1981	871.54	1.11	967.41
	1982	519.56	1.04	540.34
	1983	655.93	1.00	655.93
Average		851.72		
Average in 1983 dollars				1,085.17
Custer	1977	65.17	1.54	100.36
	1978	59.73	1.43	85.41
	1979	85.10	1.32	112.33
	1980	220.40	1.21	266.68
	1981	121.67	1.11	135.05
	1982	65.82	1.04	68.45
	1983	69.65	1.00	69.65
Average		98.22		
Average in 1983 dollars				119.70
Shoshone	1977	2,937.59	1.54	4,523.89
	1978	2,335.23	1.43	3,339.38
	1979	2,902.25	1.32	3,830.97
	1980	2,111.83	1.21	2,555.31
	1981	2,127.93	1.11	2,362.00
	1982	1,370.04	1.04	1,424.84
	1983	1,654.80	1.00	1,654.80
Average		2,205.67		
Average in 1983 dollars				2,813.03

TABLE A-6 - NFS payments for 1977-83 and averages in current and 1983 dollars (thousands of dollars)

LOUISIANA

Parish	Year	Payment	Inflator	Payment in 1983 $
Grant	1977	$ 590.93	1.54	$ 910.03
	1978	645.62	1.43	923.24
	1979	745.87	1.32	984.55
	1980	545.30	1.21	659.81
	1981	468.28	1.11	519.79
	1982	518.44	1.04	539.18
	1983	909.28	1.00	909.28
Average		631.96		
Average in 1983 dollars				777.98
Natchitoches	1977	541.65	1.54	834.14
	1978	591.81	1.43	846.29
	1979	683.92	1.32	902.77
	1980	499.93	1.21	604.92
	1981	429.22	1.11	476.43
	1982	474.85	1.04	493.84
	1983	835.09	1.00	835.09
Average		579.50		
Average in 1983 dollars				713.35
Rapides	1977	431.92	1.54	665.16
	1978	471.84	1.43	674.73
	1979	544.31	1.32	718.49
	1980	397.89	1.21	481.45
	1981	341.12	1.11	378.64
	1982	377.29	1.04	392.38
	1983	655.84	1.00	655.84
Average		460.03		
Average in 1983 dollars				566.67
Webster	1977	51.07	1.54	78.65
	1978	55.79	1.43	79.78
	1979	64.34	1.32	84.93
	1980	47.03	1.21	56.91
	1981	40.36	1.11	44.80
	1982	44.65	1.04	46.44
	1983	78.21	1.00	78.21
Average		54.49		
Average in 1983 dollars				67.10
Winn	1977	466.12	1.54	717.82
	1978	509.79	1.43	729.00
	1979	588.23	1.32	776.46
	1980	429.98	1.21	520.28
	1981	369.03	1.11	409.62
	1982	408.23	1.04	424.56
	1983	715.13	1.00	715.13
Average		498.07		
Average in 1983 dollars				613.27

TABLE A-7 - NFS payments for 1977-83 and averages in current and 1983 dollars (thousands of dollars)

MICHIGAN

County	Year	Payment	Inflator	Payment in 1983 $
Alger	1977	$ 27.56	1.54	$ 42.44
	1978	23.78	1.43	34.01
	1979	26.35	1.32	34.78
	1980	28.26	1.21	34.19
	1981	22.82	1.11	25.33
	1982	30.62	1.04	31.84
	1983	29.42	1.00	29.42
Average		26.97		
Average in 1983 dollars				33.14
Delta	1977	57.74	1.54	88.92
	1978	49.85	1.43	71.29
	1979	55.24	1.32	72.92
	1980	57.89	1.21	70.05
	1981	46.80	1.11	51.95
	1982	64.12	1.04	66.68
	1983	61.59	1.00	61.59
Average		56.18		
Average in 1983 dollars				69.06
Newaygo	1977	29.82	1.54	45.92
	1978	29.54	1.43	42.24
	1979	32.24	1.32	42.56
	1980	37.41	1.21	45.27
	1981	40.56	1.11	45.02
	1982	51.90	1.04	53.98
	1983	41.54	1.00	41.54
Average		37.57		
Average in 1983 dollars				45.22
Oscoda	1977	37.27	1.54	57.40
	1978	32.78	1.43	46.88
	1979	41.48	1.32	54.75
	1980	48.82	1.21	59.07
	1981	49.17	1.11	54.58
	1982	46.57	1.04	48.43
	1983	54.25	1.00	54.25
Average		44.33		
Average in 1983 dollars				53.62
Schoolcraft	1977	28.74	1.54	44.26
	1978	24.82	1.43	35.49
	1979	27.52	1.32	36.33
	1980	29.19	1.21	35.32
	1981	23.58	1.11	26.17
	1982	32.45	1.04	33.75
	1983	31.17	1.00	31.17
Average		28.21		
Average in 1983 dollars				34.64

TABLE A-8 - NFS payments for 1977-83 and averages in current and 1983 dollars
(thousands of dollars)

OREGON

County	Year	Payment	Inflator	Payment in 1983 $
Clackamas	1977	$ 3,715.46	1.54	$ 5,721.81
	1978	4,074.08	1.43	5,825.93
	1979	5,385.79	1.32	7,109.24
	1980	7,051.76	1.21	8,532.63
	1981	5,589.03	1.11	6,203.82
	1982	2,263.87	1.04	2,354.42
	1983	3,673.92	1.00	3,673.92
Average		4,536.27		
Average in 1983 dollars				5,631.68
Deschutes	1977	3,686.62	1.54	5,677.39
	1978	3,382.47	1.43	4,836.93
	1979	4,407.93	1.32	5,818.47
	1980	3,081.60	1.21	3,728.74
	1981	4,644.89	1.11	5,155.83
	1982	2,217.86	1.04	2,306.57
	1983	4,529.20	1.00	4,529.20
Average		3,707.22		
Average in 1983 dollars				4,579.02
Lane	1977	20,750.80	1.54	31,956.23
	1978	22,358.44	1.43	31,972.57
	1979	24,089.68	1.32	31,798.38
	1980	21,198.69	1.21	25,650.41
	1981	19,362.26	1.11	21,492.11
	1982	11,027.03	1.04	11,468.11
	1983	13,090.19	1.00	13,090.19
Average		18,839.58		
Average in 1983 dollars				23,918.29
Klamath	1977	5,673.39	1.54	8,737.02
	1978	7,649.84	1.43	10,939.27
	1979	9,862.79	1.32	13,018.88
	1980	7,799.09	1.21	9,436.90
	1981	6,575.96	1.11	7,299.32
	1982	2,902.57	1.04	3,018.67
	1973	7,566.55	1.00	7,566.55
Average		6,861.46		
Average in 1983 dollars				8,573.80
Wallowa	1977	898.73	1.54	1,384.04
	1978	1,137.24	1.43	1,626.25
	1979	1,287.47	1.32	1,699.46
	1980	2,043.33	1.21	2,472.43
	1981	1,575.90	1.11	1,749.25
	1982	774.76	1.04	805.75
	1983	1,100.86	1.00	1,100.86
Average		1,259.76		
Average in 1983 dollars				1,548.29

TABLE A-9 - NFS payments for 1977-83 and averages in current and 1983 dollars (thousands of dollars)

WASHINGTON

County	Year	Payment	Inflator	Payment in 1983 $
Grays Harbor	1977	$ 579.57	1.54	$ 892.54
	1978	577.41	1.43	825.70
	1979	906.83	1.32	1,197.02
	1980	910.96	1.21	1,102.26
	1981	666.34	1.11	739.64
	1982	427.19	1.04	444.28
	1983	344.69	1.00	344.69
Average		630.43		
Average in 1983 dollars				792.30
King	1977	1,309.32	1.54	2,016.35
	1978	1,065.04	1.43	1,523.01
	1979	1,433.68	1.32	1,892.46
	1980	1,437.23	1.21	1,739.05
	1981	1,419.19	1.11	1,575.30
	1982	851.31	1.04	885.36
	1983	988.05	1.00	988.05
Average		1,214.83		
Average in 1983 dollars				1,517.08
Okanogan	1977	1,526.22	1.54	2,350.38
	1978	1,255.97	1.43	1,796.04
	1979	1,411.20	1.32	1,862.78
	1980	1,562.20	1.21	1,890.26
	1981	1,596.31	1.11	1,771.90
	1982	399.59	1.04	415.57
	1983	1,290.24	1.00	1,290.24
Average		1,291.68		
Average in 1983 dollars				1,625.31
Skamania	1977	6,255.46	1.54	9,633.41
	1978	7,741.10	1.43	11,069.77
	1979	9,787.12	1.32	12,919.00
	1980	6,356.57	1.21	7,691.45
	1981	5,791.37	1.11	6,428.42
	1982	3,816.14	1.04	3,968.79
	1983	4,624.04	1.00	4,624.04
Average		6,338.83		
Average in 1983 dollars				8,047.84
Stevens	1977	315.07	1.54	485.21
	1978	377.32	1.43	539.57
	1979	547.61	1.32	722.85
	1980	324.06	1.21	392.11
	1981	211.65	1.11	234.93
	1982	108.07	1.04	112.39
	1983	240.89	1.00	240.89
Average		303.52		
Average in 1983 dollars				389.71

APPENDIX B

TABLE B-1 - Payment In Lieu of Taxes Act, Entitlement Lands

State and county	Acres of entitlement lands	PILT payment in 1983	PILT per acre payment
		Thousands of dollars	Dollars per acre
California			
Butte	150,462	$ 14.2	$ 0.09
Humboldt	466,560	44.0	.09
Los Angeles	680,508	445.0	.65
Plumas	1,155,328	108.9	.09
Tulare	1,517,509	654.5	.43
Colorado			
Larimer	784,194	505.4	.64
Mesa	1,512,292	635.6	.42
Park	717,212	188.7	.26
Pitkin	513,755	245.2	.48
Rio Grande	331,314	196.3	.59
Georgia			
Fannin	107,173	49.2	.46
Greene	26,580	2.5	.09
Jasper	26,916	2.5	.09
Jones	16,570	1.6	.10
Putnam	34,446	3.2	.09
Idaho			
Blaine	1,306,134	298.5	.23
Boise	900,457	84.9	.09
Clearwater	848,044	79.9	.09
Cluster	2,930,435	159.5	.05
Shoshone	1,222,606	115.2	.09
Louisiana			
Grant	139,570	13.2	.09
Natchitoches	128,359	12.1	.09
Rapides	100,833	9.5	.09
Webster	19,530	1.8	.09
Winn	110,351	10.4	.09
Michigan			
Alger	121,676	80.6	.66
Delta	169,875	109.0	.64
Newaygo	65,470	36.7	.56
Oscoda	68,910	32.0	.46
Schoolcraft	92,786	60.0	.64
Oregon			
Clackamas	511,027	48.2	.09
Deschutes	1,448,772	136.5	.09
Klamath	2,134,223	201.1	.09
Lane	1,371,181	129.2	.09
Wallowa	1,163,298	109.6	.09
Washington			
Grays Harbor	162,945	15.4	.09
King	332,746	31.4	.09
Okanogan	1,557,287	146.7	.09
Skamania	805,379	75.9	.09
Stevens	250,402	72.6	.29

TABLE B-2 - PILT payments for 1977-83[1]
(thousands of dollars)

CALIFORNIA

County	1977	1978	1979[2]	1980[3]	1981	1982[4]	1983[5]
Butte	14.7	15.0	13.2	14.8	15.0	13.8	14.2
Humboldt	40.7	56.9	40.2	45.8	46.5	42.8	44.0
Los Angeles	416.4	67.9	397.8	436.3	446.8	442.3	445.0
Plumas	114.1	114.1	100.0	112.4	115.6	106.2	108.9
Tulare	373.6	448.4	558.4	585.6	401.9	659.6	654.5

COLORADO

County	1977	1978	1979[2]	1980[3]	1981	1982[4]	1983[5]
Larimer	564.2	555.4*	446.3	542.7	515.8	497.6	505.4
Mesa	740.6	722.0*	709.7	801.7	736.2	660.5	635.6
Park	153.8	165.2*	151.4	195.2	201.3	183.5	188.7
Pitkin	261.1	268.2*	265.4	284.1	244.9	221.4	245.2
Rio Grande	237.7	228.6*	190.4	223.3	209.4	193.5	196.3

* Includes adjustment for prior year overpayment or underpayment.

GEORGIA

County	1977	1978	1979[2]	1980[3]	1981	1982[4]	1983[5]
Fannin	67.2	74.6	53.1	60.4	58.7	45.7	49.2
Greene	2.4	11.1	2.1	2.4	2.6	2.4	2.5
Jasper	2.6	12.0	2.3	2.6	2.6	2.5	2.5
Jones	1.7	7.6	1.4	1.6	1.7	1.5	1.6
Putnam	3.3	15.5	2.9	3.4	3.5	3.2	3.2

continued

TABLE B-2 - PILT payments for 1977-83[1]--continued
(thousands of dollars)

IDAHO

County	1977	1978	1979[2]	1980[3]	1981	1982[4]	1983[5]
Blaine	290.7	313.6	280.4	309.6	316.3	293.1	298.5
Boise	90.5	90.5	79.3	89.0	90.5	82.8	84.9
Clearwater	237.6	130.3	74.5	83.6	84.9	78.0	79.9
Custer	164.6	165.4	143.2	164.5	169.3	155.5	159.5
Shoshone	124.9	122.8	107.6	121.0	122.7	112.5	115.2

LOUISIANA

Parish	1977	1978	1979[2]	1980[3]	1981	1982[4]	1983[5]
Grant	14.0	14.0	12.2	13.8	14.0	12.9	13.2
Natchitoches	12.8	12.8	11.2	12.6	12.8	11.8	12.1
Rapides	10.2	10.2	9.0	10.1	10.2	9.4	9.5
Webster	2.0	2.0	1.7	1.9	2.0	1.8	1.8
Winn	11.0	11.0	9.7	10.9	11.0	10.1	10.4

MICHIGAN

County	1977	1978	1979[2]	1980[3]	1981	1982[4]	1983[5]
Alger	87.4	87.9	75.1	85.3	86.0	78.3	80.6
Delta	118.5	118.5	99.8	114.0	113.4	103.8	109.0
Newaygo	43.5	43.6	35.8	40.8	41.0	36.5	36.7
Oscoda	42.5	43.0	31.9	38.2	33.9	32.0	32.0
Schoolcraft	66.5	66.7	58.3	66.5	62.3	56.9	60.0

TABLE B-2 - PILT payments for 1977-83[1]--continued
(thousands of dollars)

OREGON

County	1977	1978	1979[2]	1980[3]	1981	1982[4]	1983[5]
Clackamas	55.2	55.2	41.2*	50.3	51.1	47.0	48.2
Deschutes	147.2	352.4	127.0	142.9	145.0	133.2	136.5
Klamath	215.2	215.2	187.2	210.5	213.7	196.1	201.1
Lane	145.4	146.2	110.3*	134.7	136.8	126.1	129.2
Wallowa	160.9	207.6	125.8	114.5	116.3	106.9	109.6

* Includes adjustment for prior year overpayment or underpayment.

WASHINGTON

County	1977	1978	1979[2]	1980[3]	1981	1982[4]	1983[5]
Grays Harbor	16.3	29.2	14.4	16.1	16.3	15.0	15.4
King	33.4	33.2	29.1	32.7	33.2	30.6	31.4
Okanogan	391.3	561.7	136.7	153.6	155.9	143.1	146.7
Skamania	80.2	80.3	70.4	79.1	80.3	73.8	75.9
Stevens	117.5	155.1	26.6	24.8	25.0	23.0	72.6

[1]Payments represent section 1 gross payment (greater than $99) or section 1 net check when prorated due to insufficient appropriation of funds by Congress in a particular fiscal year.

[2]87.676% prorated

[3]98.500% prorated

[4]91.900% prorated

[5]94.230% prorated

TABLE B-3 - National Forest Receipts Act use of funds[1]
(Allocation of funds specified by State law)

State	Percent Roads	Percent Schools
California	50	50
Colorado	5[2]	5[2]
Georgia	50	50
Idaho	70	30
Louisiana	50	50
Michigan	25	75
Oregon	75	25
Washington	50[3]	50[3]

[1]Source: The adequacy of Federal compensation to local governments for tax exempt Federal lands. Advisory Commission on Intergovernmental Relations, A-68. Washington, DC: July 1978, page 9.

[2]Revised from original source, current information obtained from State of Colorado Auditor's Office, July 1984. A minimum of 5 percent must go each to roads and school districts.

[3]Revised from original source, current information obtained from State of Washington Auditor's Office, July 1984.

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